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ABSTRACT

This report was undertaken in response to a request by the Sixth Legislature, which expressed its concern with the lack of coordination and overall human resource planning in the visitor industry and that the findings of the January 6-7, 1970 Travel Industry Congress had not been fully implemented. The State Commission on Manpower and Full Employment was requested to use its staff to initiate codification of all government activity in this field and to engage in the necessary coordination and report back in its next annual report to the Legislature. In order to benefit from the expertise of the community at large, the Commission held many meetings, both formal and informal, with representatives of business, labor, government, and conducted a number of individual interviews. A former president of the Hawaii Visitors Bureau provided material on the dimensions of the problem, the Hawaii Visitors Bureau, and the problems with the data. (Author/CK)

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BY THE
COMMISSION ON 'MANPOWER AND FULL EMPLOYMENT
STATE OF HAWAII

A Report On
COORDINATION AND HUMAN RESOURCE PLANNING
In The
HAWAII VISITOR INDUSTRY

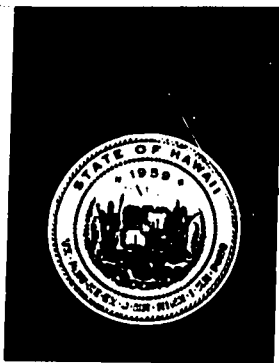
IN RESPONSE TO A LEGISLATIVE REQUEST:

"Your Committee is concerned with the lack of coordination and overall human resource planning in the vitally important travel industry. The findings of the January 6-7, 1970 Travel Industry Congress have not been fully implemented. To remedy this we suggest the State Commission on Manpower and Full Employment be mandated to use their staff to initiate codification of all government activity in this field and to engage in the necessary coordination and report back in their next annual report to the Legislature."

Hawaii, Legislature, Committee on Conference
Sixth Legislature, Regular Session, 1971
Conference Committee Report 1 on S.B. 1, p. 42

By The
Commission on Manpower and Full Employment
State of Hawaii

January, 1972



STATE OF
HAWAII

OFFICE OF THE GOVERNOR
STATE COMMISSION
ON MANPOWER
AND FULL EMPLOYMENT

567 SOUTH KING STREET • HONOLULU, HAWAII 96813 • AREA CODE 808 • TELEPHONE 536-7383

January 11, 1972

JOHN A. BURNS
Governor

JAMES J. M. MISAJON
Commission Chairman

THEODORE F. RUHIG
Executive Secretary

The Honorable John A. Burns
Governor, State of Hawaii
State Capitol
Honolulu, Hawaii 96813

Dear Governor Burns:

I have the honor to submit to you, as part of the Commission's annual report, a special report on coordination and human resource planning in the Hawaii visitor industry. This report was requested by the 1971 Legislature. It is our hope that the findings will prove useful in viewing the State's visitor industry and its attendant human resources in a meaningful perspective. Recognizing the extreme significance of this industry to the economic health of the State, the report is designed to contribute to our current understanding of job creation and visitor industry manpower economics. The key recommendation of a Visitor Industry Council, if adopted, should aid in implementing the report's other findings.

In preparing the findings, many of the most knowledgeable and concerned citizens of the State, from all aspects of the industry, were consulted. The various interviews, meetings, and the preparing of the report itself were conducted under the guidance of the Commission's Projects and Evaluation Committee, chaired by Mr. David E. Thompson. The Committee was aided by the Chairman of the Commission's Vocational Education Committee, Mr. Curtin A. Leser, and the Chairman of the Special Committee on Welfare and Unemployment, Dr. Teruo Ihara.

The members and staff of the Commission join me in conveying our sense of passing an important milestone, through this report, in the assessment of our visitor industry and its manpower needs.

Best wishes and aloha always.

Cordially,

James J. M. Misajon
Chairman

Members of
STATE COMMISSION ON MANPOWER AND FULL EMPLOYMENT
567 So. King Street
Honolulu, Hawaii

- | | |
|--|---|
| 1. Mr. James J. M. Misajon (Chairman)
Director of Special Services
University of Hawaii | 10. Mr. Curtin A. Leser
Manager, Manpower
Planning
Hawaiian Electric Co.,
Inc. |
| 2. Mr. Daniel K. Akaka
Director
Office of Economic Opportunity | 11. Mr. Carl H. Levey
Carpenters Apprentice-
ship & Training
Office |
| 3. Mr. Masashi Arinaga
Lihue Plantation Co., Ltd. | 12. Sister Agnes Jerome
Murphy
Director
Special Education
Center of Oahu |
| 4. Reverend John D. Beck
Detached Counselor
Hawaii District
Department of Education | 13. Mr. Wilfred S. Nakakura
President and Manager
Nakakura Construction
Co., Ltd. |
| 5. Mr. Bernard L. Bergstein
Electronic Systems Engineer
USAF Hdqts. Pacific
Communications Area (EIECD)
Wheeler Air Force Base | 14. Mr. Andy Y. Nii
District Superintendent
Maui School District
Department of Education |
| 6. Mr. Richard S. Dumancas
President and Business Manager
Sheet Metal Workers
AFL-CIO, Local 293 | 15. Mr. Harry N. Okabe
Proprietor, Flower
Farms |
| 7. Dr. Teruo Ihara
Director of Foreign Contracts
Professor of Education
University of Hawaii | 16. Miss Dorothy M. Rish
Assistant to Industrial
Relations Manager
Del Monte Corporation |
| 8. Mr. William Kea
Retired, formerly Vice President
of Public Relations
Hawaiian Telephone Company | 17. Mr. David E. Thompson
Education Director
ILWU, Local 142 |
| 9. Mr. Tamotsu Kubota
Proprietor
T. Kubota Nursery | 18. Dr. George A. Warmer
President
Hawaii Pacific College |

Preface

The basic philosophy undergirding this report readily becomes apparent. It is a belief in the people's need for jobs through a healthy economy. The main economic goal of the State is seen as the enjoyment of a full employment economy under conditions that conserve our natural environmental beauty and our desired life styles.

In the assessment that follows, the visitor industry demonstrates desired qualities helping to these ends. At this given moment there appears no other local private industry that is as viable and as able to generate the necessary jobs to a satisfactory way of life. Taking into account the constraining nature of economic choice, it is conceivable that other economic activities, not now discernable, may come into being, perhaps to supplement and then supplant the visitor industry as the State's prime private economic activity. In the meantime, if and until that happens, every effort is warranted in improving visitor industry economic activity to allow it to play a full responsible role in a balanced state economy. In this respect the recommendation of this report to bring all segments of the visitor industry into a policy-making body seems a wise move.

As its previous 1971 annual report stated, it is the mission of the Commission on Manpower and Full Employment to meet the employment problems of the people of the State by devising ways to secure good jobs. It is hoped that this report is a contribution to this mission.

Theodore F. Ruhig

Theodore F. Ruhig
Executive Secretary
State Commission on Manpower
and Full Employment

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COORDINATION AND HUMAN RESOURCE PLANNING
IN THE
HAWAII VISITOR INDUSTRY

CHAPTER I

SUMMARY

A REPORT ON COORDINATION AND HUMAN RESOURCE PLANNING IN THE HAWAII VISITOR INDUSTRY

This report was undertaken in response to a request by the Sixth Legislature, which expressed its concern with the lack of coordination and overall human resource planning in the visitor industry and that the findings of the January 6-7, 1970 Travel Industry Congress had not been fully implemented. The State Commission on Manpower and Full Employment was requested to use its staff to initiate codification of all government activity in this field and to engage in the necessary coordination and report back in its next annual report to the Legislature.¹ The legislative request reflected the concern that the continued lack of visitor industry coordination might result in adverse effects on the Hawaii visitor industry and the long-range economic health of the State.

The Commission on Manpower and Full Employment apparently was requested to carry out the inquiry because of its long standing involvement in the human resource aspects of the visitor industry, and of the overriding significance of human resources in this labor intensive industry. The complexity of the problem, and the limitation of time and staff for such an inquiry was recognized by the Commission from the outset. In order to benefit from the expertise of the community at large, the Commission held many meetings, both formal and informal, with representatives of business, labor, government, and conducted a number of individual interviews.² Dr. Thomas H. Hamilton, former president of the Hawaii Visitors Bureau, provided material on the dimensions of the problem, the Hawaii Visitors Bureau, and the problems with the data.³

¹Hawaii, Legislature, Committee on Conference, Sixth Legislature, Regular Session, 1971, Conference Committee Report 1 on Senate Bill 1, p.42.

²See Appendix A for the list of participants.

³See Appendix B for "The Data Problem" and Appendix D for "The Hawaii Visitors Bureau."

Within the limits of time and resources, the Commission concentrated its efforts in determining how better coordination might be realized. The inquiry has resulted in the recommendation (see Chapter VI) that there should be established a Hawaii Visitor Industry Council where representatives of the visitor industry, the public, the counties and the State can work together in the coordinating and implementing of public policies and goals relating to the visitor industry.

The chain of reasoning that led to this proposal was:

1. The importance of the industry to the State's economy continuing to expand as it did from 1969 to 1970 at over 15 percent, grossing now over $\frac{1}{2}$ billion dollars annually, generating over \$108,000,000 dollars in State and local taxes, and providing over 39,000 direct and indirect jobs, is not always well understood (see Chapter II).
2. The dependence (see the section on the nature of economic choice in Chapter II) and the knowledge that worldwide competition and the experience of other travel destinations - with their boom and bust travel development - indicates that a continued policy of drift would damage the long-range welfare of the industry and the community.
3. The nature of the industry - moving and servicing people - makes it vulnerable to being identified in the public mind as a threat to the quality of life for residents. Misunderstanding and destructive attacks can best be countered if the industry itself is able to define its goals and to show that they are consistent with the preservation of Hawaii's attractive qualities and the well-being of its residents.
4. The diversity of the elements of the visitor industry makes it difficult to achieve an informed and cohesive approach to common problems.
5. There is a need for the State to take a more active approach in working with the visitor industry.
6. Policy deriving from a process in which industry participates will be better informed, more realistic

and workable than any policy which is unilaterally arrived at and imposed from the outside.

7. New State requirements (Programming, Planning and Budgeting) and new federal requirements for users of manpower training programs demand definition of short-range and long-range goals by users of State and federal services.

The inquiry fell into four categories:

Chapter II - Human Resource Planning in the Visitor Industry.

This chapter showed how jobs in the visitor industry are understated and undervalued because of the lack of meaningful data.

Chapter III - Review of Recent Visitor Industry Manpower Recommendations.

In this review it became apparent that support of many of the manpower recommendations required a high level of public understanding and participation and a better means of coordinating efforts to achieve these objectives.

Chapter IV - Review of Governmental Activities in the Visitor Industry: State and County.

The conclusion was that there is no overall approach to the industry laws, ordinances, and regulations. There was also a strong indication for the need for some mechanism by which such laws could be regularly reviewed and evaluated as to their relevance.

Chapter V - Review of the Development of Visitor Industry Coordination: Hawaii and Other Jurisdictions.

After studying the HVB and selected states and countries, the conclusion was that there was a real need for a State body that would develop policy recommendations, set goals for orderly visitor industry growth, and coordinate activities of public and private agencies related to the visitor industry in their implementation towards the agreed upon goals.

Chapter VI - Concerns for the Future, a Proposal for Coordination.

This inquiry concludes with a suggested Hawaii Visitor Industry Council that would provide the industry with the needed policy formation and coordinating machinery.

It is the Commission's hope that this inquiry and the major recommendation that resulted will prove part of a hopeful effort in bringing together a Hawaii Visitor Industry Council that will be one more step in furthering the well-being of the industry and the people of Hawaii.

CHAPTER II

HUMAN RESOURCES PLANNING IN THE VISITOR INDUSTRY

Significance of Human Resources in the Visitor Industry

In order to accomplish meaningful manpower and human resource planning in the State, it is necessary to consider the State's single most important private industry - the Visitor Industry. By conservative estimate, it provides jobs for over 39,175 people (June, 1971), one out of every eight in the work force.¹ In 1970, the visitor industry generated over one-half billion dollars of economic activity and indirectly provided the basis of hundreds of millions of dollars of other economic activity and thousands of other jobs. For example, it is estimated for every extra 25,000 visitors, there will be created 390 new jobs and an addition of \$4,470,000 to personal income.² Despite this, the industry has never been given adequate recognition for the role it plays in human resources through job opportunities.

In 1970 for the \$570,000,000 of visitor outlay in the State, some \$108,300,000 of State and local tax revenue was estimated to

¹Economic Indicators Source Book, First Hawaiian Bank (Honolulu: August, 1971), p. 54: 15,670 actual hotel employees, slightly less than one-half employee per hotel room (32,803 hotel rooms).

Arnaldo Pomponi, Economic Forecasts for the State of Hawaii to 1975 and 1980, Department of Planning and Economic Development, State of Hawaii, Report No. 71-2 (Honolulu: July, 1971), table 5: Pomponi makes no provision for any increase in the construction work force in his estimate. It has been estimated that between 15-25% of the construction work force has been engaged in visitor industry construction. See footnote 16, p. 14.

Daniel K. Inouye (Speech delivered to the American Society of Travel Agent, World Travel Congress, Sidney, Australia, November 1, 1971).

²Lawrence Chau, Econometric Model for Forecasting Income and Employment in Hawaii (Honolulu, Hawaii: Economic Research Center, University of Hawaii, 1970), p. 71.

be directly or indirectly created.³ This was equal to one of every seven operating revenue dollars.⁴ Not without reason, it has been said, as goes the visitor industry so goes the State's tax revenue and the State's consequent ability to provide public services (and the jobs that go along with these services). A turndown in the visitor industry means a turndown not only in State revenue but also an attendant constriction in all State services: education, social service, health, recreation, and the job opportunities in these areas.

At this point in late 1971, the State is experiencing an economic turndown characterized by rising unemployment and welfare and falling State tax revenue that has brought on a policy of no general wage increase for State employees and a State hiring freeze. In November there was an unemployment rate of 6.4% with 23,200 unemployed. Concurrently throughout the year 1971, the State was experiencing a leveling off of visitors. This was attributed to a stagnant national economy and a decline in the military R & R visitors. Because of the leading role that has come to be played by visitor industry employment, a proper and detailed understanding of the employment that it offers becomes extremely important.

Visitor Industry Development

In the past, the main economic base of the State had been a sugar-pineapple plantation economy which evolved from trial and error finally producing a viable island economy which lasted for close to a century. However, by 1960 there was a dramatic economic shift to the visitor industry. This was timely, for during the decade of the 1950's the agricultural labor force was precipitously dropping from 21,597 workers in 1950 to 14,403 in 1959 to 12,527 in 1964.⁵ This drop occurred simultaneously with the need for additional jobs brought on by an expanding labor force.

³Hawaii, Department of Planning and Economic Development, The Visitor Industry and Hawaii's Economy: A Cost Benefit Analysis (Princeton, New Jersey: Mathematica Inc., 1970), p. 109.

⁴Annual Economic Review, Bank of Hawaii (Honolulu: 1971), p. 47.

⁵Hawaii, Department of Planning and Economic Development, State of Hawaii Data Book (Honolulu: 1971), p. 126.

In addition to the national increase in disposable income and increased leisure time, the two major State catalysts for visitor industry development were:

1. Admission to Statehood - August 20, 1959
2. Introduction of Commercial Jet Service - 1960

These factors, coupled with the rising standard of living of the local population, brought on an unprecedented 10-year period of growth which saw Hawaii's annual visitor arrivals increase over 500 percent to 1,800,000 persons and saw the State's hotel inventory increase approximately 220 percent by the end of 1970. By June, 1971 Oahu had approximately 23,000 hotel units and the Neighbor Islands approximately 9,400, giving the total State some 32,400 hotel rooms. This rapid growth generated a rosy atmosphere of financial well-being with a minimum of unemployment, high family incomes, new career opportunities, and a seemingly endless horizon of prosperity.

Job Opportunities and Earnings in the Visitor Industry

The hotel industry in those first ten years of rapid growth created new jobs at the unprecedented rate of 12½ percent a year.⁶ Yet, in certain quarters, it became popular to stigmatize hotel and visitor industry jobs as essentially low wage and unworthy.

To ascertain the facts, a study was made by Touche, Ross, Bailey and Smart⁷ in April of 1969. This report investigated wages and the effects of such customary compensation as tips, meals, and uniforms. This study established that approximately 2/3 of the average hotel employees total compensation is in the form of hourly base pay, and the remaining 1/3 is split about equally between tips and total fringe benefits.

The Touche, Ross study relied on records from a sample of 30 leading island hotels for establishing compensation values. In the critical area of the estimation of tips, the hotel records

⁶See Table 1, "Job Creation through Hotel Employment", p. 10.

⁷Henry A. Alexander, Report on the Compensation Structure for Hourly Employees of the Hawaii Hotel Industry for the Year 1968 (Honolulu, Hawaii: Touche, Ross, Bailey & Smart, 1969).

Table 1

JOB CREATION THROUGH HOTEL EMPLOYMENT

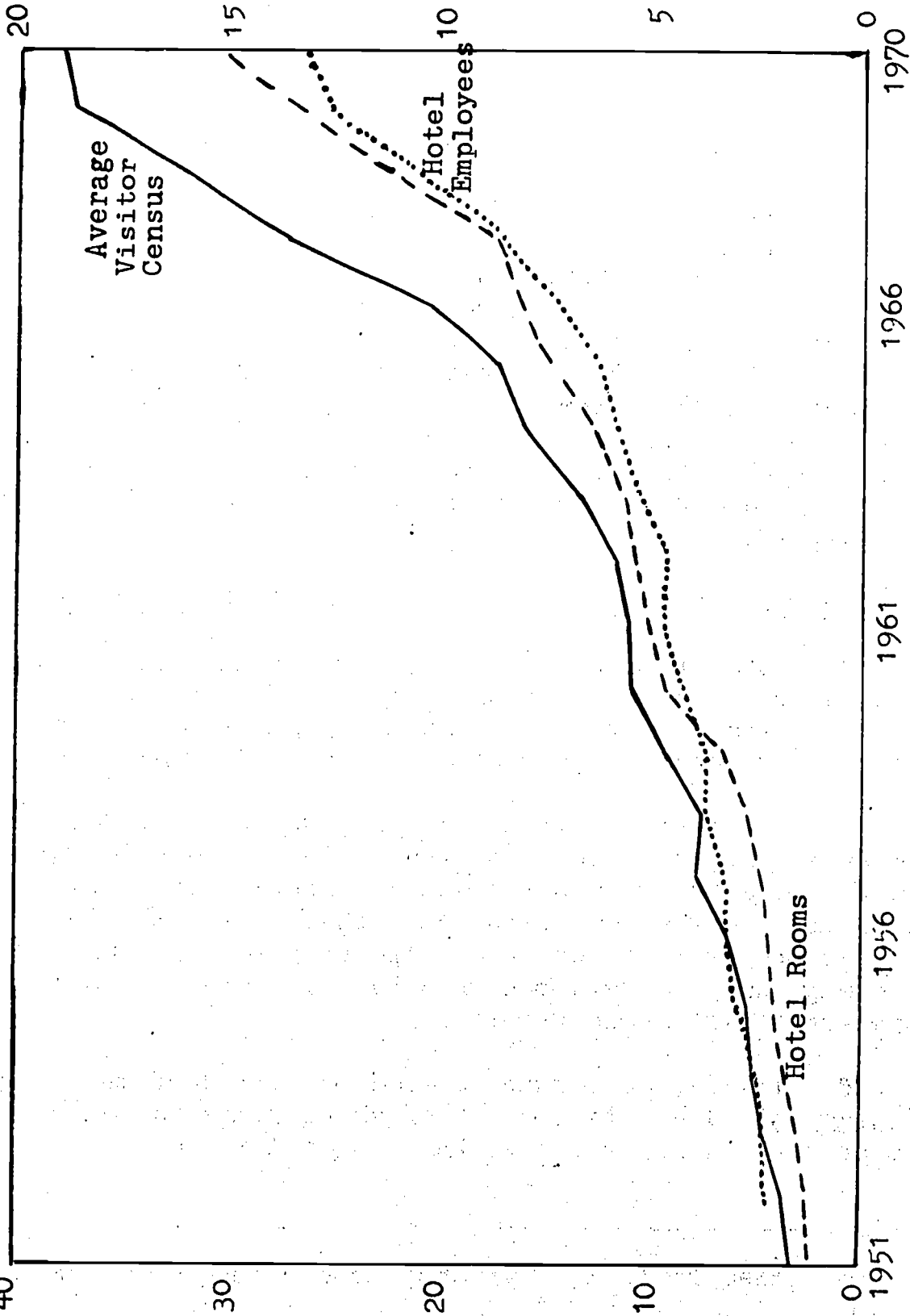
Related to Average Daily Census of Tourists Staying Overnight or Longer and Number of

Tourists & Rooms
Thousands

State of Hawaii, 1951 - 1970

Hotel Rooms

Hotel Employees
Thousands



were complemented by several estimating procedures, based on formulas developed by the Internal Revenue Service. It should be noted that these Internal Revenue formulas have been upheld in numerous tax court cases when the results have been challenged.

The Touche, Ross study further refined the IRS formulas to reflect the unique qualities and operational methods of the Hawaii Hotel Industry. As the author says: "The estimation of tips for the average individual was, for us, considerably less difficult than the IRS estimation of tips for a particular individual (due to individual differences in personality, appearance, degree of effort, and in the assignment of duties, hour, and work stations)".⁸ The significance of this study with its definitive establishing of the level of the tips in the hotel industry has been ignored in many quarters.

While the Touche, Ross study accurately took account of the significance of tips, it did not address itself to hours of work, another big problem in understanding earnings in hotel employment. A look at hotel employment demonstrates that there is a whole continuum of hourly employees working in a typical month from one hour to over 172 hours in the regular work month. This hourly continuum can be divided into:

1. Employees working in excess of 172 hours a month.
2. Employees working between 130 and 172 hours a month.
3. Employees working at less than 130 hours a month.
4. Supplemental, on-call, irregular and new entries working less than 130 hours a month.

With this classification system in mind, a compilation was made of all the hotel employees in the State covered by Local 5 of the Hotel and Restaurant Workers Union, for the most recent available month, August, 1971.⁹ The computer recorded hours of work for each hourly hotel employee as submitted by each covered

⁸Ibid, p. 11.

⁹Another study is contemplated for another month in order to more firmly establish the work hours.

Table 2

HOURS WORKED BY HOTEL EMPLOYEES IN AUGUST 1971
As Derived From Computer Print-Outs

Number of Hours Worked	Employees Number	Percent	Cumulative Number	Employees Percent
Under 18	345	4.9	6,977	100.0
18 - 31	156	2.2	6,632	95.1
32 - 45	221	3.2	6,476	92.8
46 - 59	196	2.8	6,255	89.7
60 - 73	253	3.6	6,059	86.8
74 - 87	244	3.5	5,806	83.2
88 - 101	269	3.9	5,562	79.7
102 - 115	327	4.7	5,293	75.9
116 - 129	372	5.3	4,966	71.2
130 - 143	411	5.9	4,594	65.8
144 - 157	645	9.2	4,183	60.0
158 - 171	1,582	22.7	3,538	50.7
172 - 185	1,240	17.8	1,956	28.0
186 - 199	300	4.3	716	10.2
200 - 213	155	2.2	416	6.0
214 - 227	74	1.1	261	3.7
228 - 241	45	0.7	187	2.7
242 - 255	36	0.5	142	2.0
256 - 269	32	0.5	106	1.5
270 - 283	29	0.4	74	1.1
284 - 297	14	0.2	45	0.6
298 - 311	10	0.1	31	0.4
312 & Over	21	0.3	21	0.3
TOTAL	6,977	100.0		

Note: Data were taken from welfare records of Hotel Workers Local 5, AFL-CIO. These employees represent 42.5 percent of the State's August hotel work force.

It should be observed that due to the fact that August was a 31 day month with five Sundays, Mondays, and Tuesdays, employees who worked a 40-hour week in five days might have totalled 168, 176, or 184 hours, depending on whether their schedules included work on Sundays, Mondays, and Tuesdays. Hours of employees who worked for more than one hotel were added and employees were classified by the total number of hours worked. Each employee was counted only once. Fractional hours were dropped from the classification. Each number of hours was tallied separately, but were later grouped to facilitate presentation.

Table 3

WAGES IN THE HOTEL INDUSTRY

	<u>Per Hour</u>	<u>Hrs/Day</u>	<u>\$/Day</u>	<u>Annual \$</u>	<u>% of Industry</u>
DLIR (Base pay)*	\$2.68	6.02	\$16.13	\$4,194.74	100.0
<u>Computer Actual**</u>					
<u>Under 130 hours</u>					
Base pay	\$2.68	3.21	\$ 8.60	\$2,236.73	34.2
Base pay & tips	\$3.13	3.21	\$10.05	\$2,612.30	34.2
<u>130-171 hours</u>					
Base pay	\$2.68	7.07	\$18.95	\$4,926.38	37.8
Base pay & tips	\$3.13	7.07	\$22.13	\$5,753.57	37.3
<u>172 and over hours</u>					
Base pay	\$2.68	8.75	\$23.45	\$6,097.00	28.0
Base pay & tips	\$3.13	8.75	\$27.39	\$7,120.75	28.0

* \$2.68/hr. and 30.1 hours a week for the month of August 1971 as averaged by the State Department of Labor for the State's entire hourly hotel labor force.

** Hours actually worked by 6,977 hotel workers, 42.5 percent of the entire hotel labor force (see table on hours worked).

hotel indicating the actual hours of work during the month of August for the 6,977 covered hotel employees, a respectable sample representing 42.5 percent of all hotel employees in the State. The results show over 65 percent of the labor force is working 130 hours or more a month with 28 percent of this work force working in excess of the standard 172 hours a month.

A survey of the ILWU hotel units shows a similar work force pattern in their sector of the hotel trade. On the island of Hawaii the survey showed 68 percent of the work force are contractually classified as regular employees.¹⁰ An October survey by the ILWU on the island of Kauai revealed a similar 61 percent regular work force. A survey of Maui indicated a 68 percent regular work force. From all this, it would be fair to say that 2/3 of the hotel labor force consists of a stable core who work regular hours for substantial wages.

It is instructive at this point to calculate what the wage would be by using the \$2.68/hr. figure and the 30.1 average weekly hours as reported for the industry for August 1971 by the State Department of Labor and Industrial Relations - using these figures in comparison with the tip corrected wages and the computer supplied hours worked by actual employees.

These calculations indicate that the hourly pay of the hotel employees in August came to \$3.13 an hour. This compares favorably with the 55,080 retail clerical employees at \$3.04 an hour.¹¹

The Touche, Ross study and the U.S. Internal Revenue practices cited previously firmly established the accuracy of the tip increment, and the securing of the actual hours of work through a computer study makes this wage comparison a valid one.

It might be useful at this point to attempt to compare the daily wage of the typical regularly employed hotel worker with the daily wage of the typical sugar worker.

While hotel work can be divided into 30 employee classifications ranging from account clerks, auditors, bus hops to secretary-typists and waiter-waitresses, 60% of this work force is concentrated

¹⁰Employees who are regularly scheduled for 30 hours or more a week.

Economic Indicators, First Hawaiian Bank (Honolulu: October, 1971).

in five classifications:

Table 4
HOTEL WORK FORCE

<u>Occupation Classification*</u>	<u>Percent of Work Force*</u>	<u>Hourly Rate of Pay**</u>
Roommaid/Boy	23.6	\$2.54
Waiter/Waitress	14.1	1.92
Houseman/Utility	9.4	2.61
Steward/Utility	6.7	2.60
Busboy	<u>6.2</u>	2.02
Total	60.0	

Note: Above weighted and averaged for eight hours and tip corrected (1/6 of cash pay) equals hotel employee's daily wage of \$25.54.

* Occupation classification, occupation percentage, tip classification and tip percentage is derived from Touche, Ross study.

** Hourly wage rates by occupation for 1971 provided by Hotel Workers Local 5, AFL-CIO. At the Sheraton Waikiki, the union tabulated and averaged the four week August, 1971 payroll of their average 1,000 members; this payroll included credit tips but not cash tips and averaged \$625 per member for four weeks. This meant an hourly rate of \$3.90 actually earned.

It should be noted that this bulk of hotel workers are all in a tip category. This leaves out the 4.1 percent of the work force who are chef/cooks averaging \$4.24 an hour, and the 4.9 percent who are maintenance men averaging \$4.50 an hour. It should be further noted that, unlike sugar, women have 47.7 percent of these work opportunities.

In sugar there are 11 labor grades of mill and field workers. A distribution of employees by labor grade shows 66.2 percent of the workers were in grades three to six with the heaviest concentration in grade 3:¹²

Table 5
SUGAR WORK FORCE

<u>Labor Grade</u>	<u>Percent of Work Force</u>	<u>1971 Hourly Rate*</u>
3	27.4	\$2.665
4	13.0	2.80
5	11.7	3.045
6	<u>14.1</u>	3.24
Total	66.2	

Note: Above weighted and averaged for eight hours equals sugar workers' daily wage of \$24.24.

* From the Hawaii Sugar Planters Association for 1970 (this is still the current rate).

These figures indicate that hotel industry employee earnings are in line with the earnings of sugar workers. Hotels are not a unique substandard paying industry. There is no question that wages, hours and working conditions in the hotel industry can be improved, but the same is also true of employment in trade and finance and other industries.

As many children of agricultural workers and many ex-agricultural workers themselves are moving into hotel employment, it might also

¹²As secured from a 1965 ILWU study. There is evidence to show that this distribution has remained substantially unchanged.

be useful to note that unlike sugar industry employment, women have 47.7% of the work opportunities in the hotels. This should help to increase total family income, and make hotel employment more desirable.

Employment conditions will continue to improve in the hotel industry. As the Wall Street Journal, speaking nationally of the big hotels, reported:

The chains are introducing convenience foods to cut costs. They emphasize manpower economies to reduce labor bills. They apply sophisticated cost analysis to the art of service, slicing butter pats to within a hundredth of an inch or weighing a pre-packaged scoop of ice cream to the tenth of an ounce. ¹³

In light of these developments, the trend particularly in manpower, is toward fewer employees per room, and also to more full-time rather than part-time employment.¹⁴ A prospering hotel and visitor industry will ensure this possibility and should be a major interest of all concerned.

Part-time Earning Opportunities

A frequent criticism of the hotel industry is that it is undesirable because one-third of its jobs are supplementary and part time. This characterization is not supported by the facts.

In the surveyed Local 5 membership there are many part-timers with lengthy experience in the food services. Of these many elect to remain because of the premium pay involved. For a six-hour stint there is a 10 percent premium, for a four-hour stint there is a 20 percent premium and for a three-hour work period there is a 25 percent premium. This makes part-time jobs attractive and many workers with the necessary seniority to become full-time do not exercise their option and prefer the shorter hours with the premium pay. Many of these part-time "regulars" also have full-time jobs in other industries and find the part-time earnings provided by the hotel industry a very useful supplement.

¹³Wall Street Journal, September 28, 1971.

¹⁴See Table 6, "Employment in the Hotel Industry in Hawaii, 1952.- 1971", p. 18.

Table 6

EMPLOYMENT IN THE HOTEL INDUSTRY IN HAWAII
1952 - 1971

<u>Year</u>	<u>Hotel Rooms</u>	<u>Average Daily Visitor Census</u>	<u>Hotel Employment</u>	<u>Employment per Room</u>	<u>Employment per Visitor</u>
1952	2,412	3,625	2,283	0.95	0.63
1953	2,925	4,554	2,362	0.81	0.52
1954	3,101	5,083	2,535	0.82	0.50
1955	4,115	5,735	2,913	0.71	0.51
1956	4,327	6,664	3,130	0.72	0.47
1957	4,754	7,944	3,406	0.72	0.43
1958	5,494	7,642	3,660	0.67	0.48
1959	6,802	9,751	3,680	0.54	0.38
1960	9,522	11,066	4,330	0.46	0.39
1961	10,193	11,089	4,690	0.46	0.42
1962	10,915	11,868	4,630	0.42	0.39
1963	11,403	13,712	5,240	0.46	0.38
1964	12,903	16,017	5,820	0.45	0.36
1965	14,827	17,318	6,310	0.43	0.36
1966	17,217	21,030	7,220	0.42	0.34
1967	18,657	27,690	8,630	0.46	0.31
1968	22,801	32,496	10,590	0.46	0.33
1969	26,923	37,438	12,540	0.47	0.34
1970	30,323	38,132	13,320	0.44	0.35
1970 (Jan. to Sept.)	27,519	38,006	13,940	0.51	0.37
1971 (Jan. to Sept.)	33,163	40,070	15,120	0.46	0.38

Note: Hotel rooms are the last total of the period covered. Average daily visitor census includes HVB totals for westbound visitor census plus approximations for eastbound visitor census based on an average stay of five days for R & R and four days for other eastbound and northbound visitors.

Employment is taken from labor force reports of DLIR for 1956 to 1971 and from "covered employment" in "Employment and Payrolls in Hawaii" reports of DLIR for 1952 to 1955. Totals are averages of monthly employment.

For the others who want full-time employment, the way has always been open. With the opening of new hotels, many part-timers went to heads of seniority lists and good positions in the new establishments. This is a real, but informal, avenue of advancement and not recognized adequately by the outside public unfamiliar with the industry.

Many women with family responsibilities also prefer part-time employment. The same preference is true of students who work after school and then full-time during the summer vacation period. Such flexibility is considered highly desirable. These part-time employment opportunities could also become increasingly sought after by those in early retirement years who do not wish to work full-time and welcome supplementary income. Part-time supplementary work also affords the unskilled, new labor market entrants a door to the world of work. With decreasing opportunities in other areas, this is a welcome feature.

Other Visitor Industry Employment - Direct and Related¹⁵

Relevant statistics that would be useful in analyzing other direct visitor employment are not available but could be obtained by similar studies as done with the hotel workers. This could be conducted on a statewide all-industry basis and would increase information about the occupational mix of Hawaii's economy. On a regular sampling basis, it would not be difficult to extract figures on the Direct Visitor Goods & Services Employment sector of the State's work force. The wages of individuals in these categories are readily available and should be used to demonstrate wage mix in the visitor industry. However, such information is not presently assembled in this manner, and the earnings of this group, which exceeds in size the direct hotel industry work force, is not taken into account in determining the importance of visitor industry employment. It should be further noted that for the most part the earnings of this group would compare favorably to other wage earning groups.

Related Visitor Support Employment is the most difficult area in which to define worker contributions and wage structures. As statewide statistics become more sophisticated, however, these figures can be extrapolated on a percentage basis. For example, in studying manufacturing, if the visitor expenditure in garments

¹⁵For explanation, see Visitor Industry Work Schema, p. 22-23.

is determined to be perhaps 30-40 percent of all garments manufactured in Hawaii, then a designation of this percentage as indirect visitor industry related may be appropriate. Such examples could exist in retail trades, construction trades¹⁶ and others and would establish the real nature of job opportunities attributable to the visitor industry.

The value of such information for planning human resources program, is evident. Besides the 15,600 hotel employees, the 24,575 direct visitor and visitor related employees should also be taken into account for an understanding of the significance of visitor industry employment.

Visitor Industry Human Resource Data Needs

As has been demonstrated, lack of data or faulty data have led to misconceptions and misplaced concerns about the nature of wages and hours in the visitor industry. In any area of the visitor industry, the public must possess accurate data in order to understand and exercise appropriate concerns. Dr. Thomas Hamilton, the past president of the Hawaii Visitors Bureau, recognized this problem of the lack of adequate data and has written an article about the difficulties inherent in the subject.¹⁷ He does feel, however, that Hawaii could have the best visitor industry data bank in the world by utilizing and upgrading what is presently available.

One area in which there is insufficient data is the impact of the some 35,000 visitors a day on the local social milieu. Toward this end, the Department of Planning and Economic Development is doing a study on the Social Impact of the Visitor Industry, which should be helpful for future human resource planning.¹⁸

¹⁶Robert Lucas, "Unemployment Study" (Unpublished study, State Advisory Commission on Manpower and Full Employment, 1971), p. 1: 15-25 percent of the construction industry activity is attributed to the visitor industry. This is an industry employing 23,000 (December, 1970) and per employee averaging \$5.79 an hour (December, 1970).

¹⁷See Appendix B, "The Data Problem."

¹⁸To be released January, 1972.

From a human resource point of view, present day studies on occupations relative to the visitor industry are somewhat incompatible and may be unsuited to meeting changing needs.¹⁹

Working independently of each other, the banks (First Hawaiian and Bank of Hawaii), the DPED, the DLIR and the private sector all utilize different categories and classifications of jobs in determining the work force. Therefore, comparisons are somewhat difficult.

There is tending to be basic agreement on at least three categories of employees servicing the travel industry that can be identified as (1) direct hotel, (2) directly related and (3) indirect. Following this basic conceptual framework, direct hotel employees have been classified by the HVB Manpower Committee in 1967, as follows:

1. Administrative & General
2. Auditing/Accounting
3. Beverage/Service
4. Food Preparation
5. Food Service
6. Housekeeping
7. Maintenance
8. Miscellaneous
9. Rooms/Front Office
10. Uniform Services

These classifications are generally in line with collective bargaining agreements which exist and are the best efforts of a task force of qualified individuals representing business, labor,

¹⁹The following remarks on visitor industry classification are adapted from material made available by The Rohr Co., Ltd.

education and government.²⁰

The area of directly related and indirect visitor industry employment is not so defined; however, the following list has been used in the areas of visitor expenditure.²¹

Retail

Clothing
Gifts
Photo
Liquor
Grocery

Transport

Taxi
Rental
Bus, Other

Services

Beauty Bar
Sightseeing

Miscellaneous

While this grouping is significant to the visitor industry, it omits certain employment areas such as construction, painting contractors, security companies and produce workers. However, these two examples represent a beginning of data collection.

To arrive at meaningful data for codifying by computer to aid in planning and implementation, the following is suggested:

1. Restructure visitor industry employment factors into three categories:
 - A. Direct hotel and restaurant employment.
 - B. Direct visitor goods and services employment.
 - C. Related visitor support employment.
2. Develop an ongoing sample data collection program on a five years six months repeat basis for categories A and B. Estimate C on same schedule.

²⁰"Report of the Subcommittee on Manpower" (Hawaii Visitors Bureau Long Range Planning Committee, 1967).
(Mimeographed)

²¹Ibid.

3. Include in data collection:

- A. Numbers of workers.
- B. Profiles of workers (as in Rohr/Kentron study - 1969 & 1970).²²
- C. Turnover factor.
- D. Wages & Earnings.
- E. Other obtainable data such as housing, etc.

4. Utilize such data in State manpower, education and economic planning.

An in-depth analysis of the visitor industry, present and future, will further illuminate the range of employment and new career opportunities which world travel is providing. Computer sciences, air and ground transportation, manufacturing, linguistics, education, communications and many other fields are now directly involved in the once simple "hotel" industry.

Public Concerns on the Human Resource Needs of the Visitor Industry

The initial optimism caused by the growth of the visitor industry in the 1960's was not shared by everyone. Many responsible community leaders warned of possible dangers resulting from uncontrolled growth for its own sake. One hotel manager publicly suggested a lid on hotel construction in Waikiki as early as 1967 and he was immediately censured by his peers. The warnings went unheeded.

Public concerns about many aspects of the visitor industry in Hawaii have been rising. Most recently these concerns have

²²See Table 7, "Summary of Applicant and Hiring Profile," p. 24.

Table 7 - SUMMARY OF APPLICANT AND HIRING PROFILE

COMPARATIVE PERCENTAGE ANALYSIS

	Applications	Not Hired	Hired
Waikiki:	482	412	70
Makaha:	796	635	161
Holiday Inn:	1,051	805	246

Characteristics of Manpower	Total Applicants			Not Hired			Hired		
	Waikiki	Makaha	Holiday Inn	Waikiki	Makaha	Holiday Inn	Waikiki	Makaha	Holiday Inn
Total	100%	100%	100%	* 85%	* 80%	* 77%	* 15%	* 20%	* 23%
Male	42%	27%	55%	41%	23%	58%	47%	42%	46%
Female	58%	73%	45%	59%	77%	42%	53%	58%	54%
Employed	32%	19%	36%	32%	17%	34%	33%	24%	43%
Unemployed	68%	81%	64%	68%	83%	66%	67%	76%	57%
Experience	45%	37%	23%	40%	37%	6%	74%	37%	78%
No Experience	55%	63%	77%	60%	63%	94%	26%	63%	22%
Single/Engaged	50%	27%	42%	51%	27%	45%	43%	27%	32%
Separated/Divorced	12%	10%	12%	13%	11%	12%	11%	5%	14%
Married/Widowed	38%	63%	46%	36%	62%	43%	46%	68%	54%
Local Origin	52%	73%	39%	52%	71%	37%	56%	81%	47%
Mainland	30%	19%	37%	32%	20%	40%	20%	14%	27%
Europe	3%	2%	3%	2%	2%	2%	7%	1%	4%
Pacific/Asia	15%	6%	21%	14%	7%	21%	17%	4%	22%
Highest Grade	12.9G	11.3G	12.5G	13G	11.5G	12.7G	12G	11G	12.2G

Note: Table provided by Pacific Training Council

been stimulated by a rash of mass media articles.²³

This negative publicity combined with the elements of the truth that laid behind it, the increasing competition from old and new destination areas, the ever present possibility of being over flown, an increasing feeling by some of hostility to the visitor could cause a further slowing of the local visitor industry, seriously affecting its future and greatly diminishing job opportunities. The cumulative effect could lead to a depressed economy and a search for other major economic alternatives to provide the people of Hawaii with ways to earn livelihoods.

Economic Alternatives - Job Creation and Job Opportunities

Because the economic alternatives open to any area at any given time are limited, the limitations should be analyzed. Economic alternatives are a function of location, of natural and capital resources and of the available force of educated and trained manpower. The visitor industry was successful in Hawaii because of a confluence of a natural environment, a multi-ethnic population and the aloha spirit. If the visitor industry falters, another industry to replace it, as the visitor industry replaced agriculture, does not seem readily available.

If a new replacement to provide the necessary job opportunities cannot be created, educated and trained residents would tend to leave because of shrinking economic and career opportunities. Hawaii could conceivably become an environmental paradise in an economic desert with resulting extreme societal tensions produced by poverty and want.

While a search for economic alternatives is always in order, it would seem prudent to improve on the present weaknesses in the visitor industry. These weaknesses can be overcome by better overall policy formation and implementation.

²³"Hawaii's Impossible Choice, a Discussion of Which Comes First: Decent Jobs? or a Decent Environment?", Forbes, 108(2) (August, 1971), p. 31.

U.S. News and World Report, November, 1971: Article on Hawaii's failing visitor industry being saved by the Japanese visitor influx.

"Goodbye to You, Blue Hawaii," Life, November, 1971: Article on how the Hawaii visitor industry is being hampered by pollution of every kind.

By improved policies, Hawaii can increase its chances of obtaining a desirable share of the visitor industry nationally and internationally. Hawaii can develop more tourist destination points on the neighbor islands concurrently conserving and enhancing the natural beauty. While enlarging the convention activities of Waikiki, the State can possibly also become a combination think tank and education resort area combining research, education, leisure and recreation. In doing this, policies would be implemented to guard against any tendency to destroy the environment that has caused the visitor industry to flourish in the first place. Many say that the visitor industry is in difficulty because of the very lack of adequate policy formation and implementation.

There is no question that the expansion brought on by any economic activity as, for example, that of the visitor industry, needs to be guided by an adequate long-term self-conserving policy. In this connection it is interesting to note the reaction of one of the leading international tourist countries - Switzerland. The annual report of the Swiss National Tourist Office for 1970 states:

The countryside - the basic asset of our tourist country - is irreplaceable once it is destroyed. Scarcely any of the project designers answers the question from the aspect of what is most necessary for tourism, having regard to the demands and wishes which the visitor in the year 2000 will look for in a tourist country. The consumer relationship of the visitor of the future will be far more valuable than many rows of figures. It is becoming ever more clear that the tourist of the next century will be a person enjoying mostly free time and who will use transport purely as a means of getting him as quickly and comfortably as possible away from his concentrated center of population to his chosen recreation area. He must literally re-create himself in a health-giving environment. He will want to fill his lungs with fresh air in extensive nature reserves, themselves the last natural lungs left over in this polluted globe. Looked at in this light the first requirement for a tourist country is the protection, guarantee and maintenance of its recreational areas. This principle must stand at the top in the list of priorities. Development projects which run against this principle must be relegated to the background. If the individual is looking

for adequate room to move in a few decades time we must be in a position to satisfy this need.²⁴

If these visitor industry problems are indeed worldwide, this should give us a clue as to what policies will provide decent jobs, future economic prosperity and a decent environment. For as A. A. "Bud" Smyser, editor of the Honolulu Star-Bulletin was quoted: "The tourist industry and the people of Hawaii have more in common than they do in opposition to each other. The steel industry that moves into a town has no interest in retaining its beauty and charm, but investors in the tourist industry want an attractive community to draw people to their hotels."²⁵

Need for Job Opportunities and Job Creation

In considering economic policies for the future, the need for increasing job opportunities is of major importance. The State's population and consequently the labor force continues to expand. The labor force since 1950 expanded at a rate of 3.5 percent a year, increasing from 187,773 in 1950 to 347,570 in 1970, creating the necessity for another 160,000 new jobs²⁶ in the last two decades. At the end of 1971, the State is short of the over 28,000²⁷ job opportunities that would be necessary to provide for full employment for all, and in particular the local unemployed, the welfare recipients and the recent alien arrivals.

RISING UNEMPLOYMENT - While the visitor industry was making its spectacular growth in the decade of the '60's, and creating new jobs at the rate of 12.5 percent a year in the industry, the State unemployment rate remained low at around 3 percent. However, with the national economic turndown and the slackening of visitor industry activity, the unemployment rate in the State began to mount steadily and since January, 1970, it has gone progressively upward from 3.2 percent to the November, 1971 rate of 6.4 percent.

²⁴From the 30th Annual Report of the Swiss National Tourist Office, 1970 (Switzerland: /1971/), p. 4.

²⁵Forbes, op. cit.

²⁶Hawaii, Department of Planning and Economic Development, State of Hawaii Data Book (Honolulu: 1971).

²⁷Note the following discussion on rising unemployment, climbing welfare rolls, and expanding alien immigration.

This latter rate represents 23,200 individuals²⁸ and is the highest level in the State's history.

CLIMBING WELFARE ROLLS - At the same time as unemployment was mounting, welfare rolls have climbed but at an unexpectedly alarming rate. In 1967, during the upward period of the State's economic prosperity, there were 25,977 individuals on the DSSH rolls. By July, 1971 there was an explosive growth to 55,853 individuals on the rolls, a doubling in less than four years.²⁹ As might be expected most of this growth took place in the last year and a half when the visitor industry growth was flattening out. This increase meant more than 7 percent of the total State population was on welfare. In dollars and cents this meant \$35.8 million of State funds (10 percent of all State general revenue funds) was being spent for welfare, further supplemented by \$24.8 million of federal funds. A recent 'guesstimate', after an intensive search of all available evidence shows that between 17 percent and 26 percent of all recipients on General Assistance and Aid for Families of Dependent Children could become self supporting "provided child care services could be provided and adequate jobs were available".³⁰ Two experimental, successful nurseries to meet this kind of need were funded under Act 251 in Lahaina, Maui and the Kona area of the Big Island. Many who otherwise could not work, went to work in the local visitor industry. The growth of the welfare rolls would be slowed with more such jobs and child care arrangements. Many people and their families would be returned to the mainstream of an independent self-supporting life style.

EXPANDING ALIEN IMMIGRATION - The trend of immigration into the State has rapidly accelerated since the change in the federal laws in 1965. In 1970, there were 9,013 aliens admitted who decided to make their homes in Hawaii, three times the 1966 total. Of this group, approximately 40 percent are adults anxious to

²⁸A Hawaii State Department of Labor release, December 24, 1971.

²⁹Robert Lucas, "Welfare in Hawaii" (Unpublished study, State Advisory Commission on Manpower and Full Employment, 1971).

³⁰Ibid.

enter the labor market, the remainder being children and adults, who in one way or another are unable to work.³¹ Of those entering the labor force, while approximately 60 percent would be classified as skilled and 40 percent would be unskilled, the great bulk of these individuals would have to work at unskilled and semi-skilled positions until they become acculturated, trained, or legally qualified to work at their highest skill. There would thus be the need for another 3,600 new jobs a year while the immigration stream continues. These figures do not take into account unavailable figures for newly arriving American Samoans who also will need jobs. It should be remembered that the local Samoan community is estimated at least 13,000 and growing rapidly.

JOB CREATION - Adding these aforementioned groups would indicate need for up to 28,000 positions. (There is a possibility that some in these categories overlap).

If we are committed to a full employment policy we must create new jobs on this scale. In the past, before the present slack period, the visitor industry proved equal to providing the necessary jobs and, at times, there was even talk by the industry of an overtight labor market.

Recruitment, Training & Education in the Visitor Industry³²

As previously indicated, the direct hotel labor force expanded tremendously in the past two decades, growing from 2,283 employees in 1952 to 15,671 in 1971. For several years in the late '60's, there had been concern about the labor supply for the hotel and visitor industry. This apprehension has abated considerably as the industry has easily filled most positions.

Table 6, "Employment in the Hotel Industry in Hawaii", shows the initial growing efficiency of the industry through the dropping employee ratio per hotel room and per visitor from the early '50's until a leveling in 1960. For the last ten years this ratio has maintained itself, indicating stable productivity. The employee-per-room ratio is lower than has been previously generally

³¹Interview with John F. O'Shea, Honolulu District Director, U.S. Immigration and Naturalization Service, November, 1971.

³²Prepared from material submitted in part by Thomas Rohr, President, Pacific Training Council.

estimated, having dropped from almost one employee per hotel room in 1952 to less than $\frac{1}{2}$ employee per room by 1960 and in the last decade never ever fully regaining the rule-of-the-thumb ratio of $\frac{1}{2}$ employee per room. This would seem to indicate that in this expansive period just passed, the great numbers of newly recruited hotel employees have been adequately trained, ingested into the system and are as efficient as the work force they joined.

Recruitment on Oahu has never been difficult and as shown the supply of willing workers is greater than the demand. However, the Neighbor Islands might pose a much different picture in the light of future development plans. Hotel labor has been in shorter supply for several years off Oahu and new hotels opening have definitely had to intensify recruitment, liberalize hiring practices and provide more training. With projections of new communities and much hotel development, the whole environmental picture regarding housing, public facilities and the like will definitely affect labor supply for any labor intensive industry on the Neighbor Islands.

Traditional forms of recruitment appear satisfactory in the hotel field in most areas. However, specialized recruitment and placement is now required relative to Japanese language speaking personnel, computer technology, engineering, transportation and other more demanding assignments previously not active in the visitor industry.

Hawaii is aggressive in the field of both public and private education in general. Specifically, the State is attuned to the training and education needs of its visitor industry. This is not to say that conditions are perfect, however, as a good climate for innovation does exist, improvements should be painless.

From time to time it is mentioned that the right hand is unaware what the left is doing in Hawaii's visitor industry training. To assist in identifying "hands", the Pacific Training Council three years ago, published a brochure identifying the many institutions providing visitor industry instruction. This guide was developed under the auspices of the University of Hawaii's Council on Hotel & Restaurant Education, the Hawaii Hotel Association and Hawaii Visitors Bureau. A new, more expanded version would now seem to be indicated.

Graduates of the U.H. Travel Industry Management School

The University of Hawaii plays a significant role in developing human resources for Hawaii and world tourism. Its School

of Travel Industry Management is a unique combination of hotel, restaurant, transportation and tourism management programs in the College of Business Administration with over 600 students learning management skills for the visitor industry. Graduates have already become established executives in Hawaii's various visitor industry businesses.

As of fall of 1970, the TIM School has graduated a total of 176 students.³³ Of these graduates, 123 were located and surveyed. This group reported a mean annual income of \$10,000, with the earlier graduates being paid an average of \$4,000 more per year than the 1970 graduates.

Forty-five percent of the graduates were working in hotels, 15 percent were in commercial restaurants, 13 percent in the airline industry, 5 percent in travel agencies and 4 percent in travel research. In passing it should be noted that 17 percent of the graduates were in firms which were not directly involved with the travel industry, but the 83 percent who were should be viewed as an extremely high retention. Of particular interest was the reported fact that 87 percent of all TIM students remained in Hawaii to work, with the remaining 4 percent working in foreign countries and 9 percent going to mainland U.S. Because there have been comments about the lack of locally trained people in administrative and leadership positions in the visitor industry, this is welcomed.

The community colleges also have a vital role in visitor industry education and training. Degree and non-degree programs have a wide spectrum of career preparation along with academic offerings. Such skills as culinary arts, maintenance and executive housekeeping, food service, rooms operations, and others are taught both in short courses and two-year programs. A special unit for manpower training has been effective in setting up specialty programs for short-term training such as at Neighbor Island hotel openings and the training of Hawaiiana to tour drivers.

Commercial business schools are also actively engaged in hotel and travel programs such as front desk clerk, airlines, reservations and management systems. These schools have had a vigorous few years, however, the temporary economic slump, plus

³³Letter from Associate Professor Chuck Y. Gee, School of Travel Industry Management, to Theodore F. Ruhig, October 22, 1971.

increasing competition from public education, are causing cutbacks in enrollments.

Jobs for the Disadvantaged, Eliminating Pools of Poverty, Upward Mobility

Direct training within industry is an active approach currently used by Hawaii's hotels and restaurants. Federally funded on-the-job training programs have been conducted by the Pacific Training Council, the Hawaii Hotel Association and the labor unions involved since 1965. During these six years over 2,000 disadvantaged unemployed have been hired and trained by Hawaii's hotels. This is an effective instrument in training individuals for employment who otherwise would not be employable. This vividly demonstrates the ability of the industry to eliminate local pools of poverty and points out what could be done particularly with those employables, previously mentioned, now on the ever-expanding welfare rolls.

In this light, a study of the applicant and hiring profile of the people that resulted from the opening of three hotels in 1969-70 is very revealing.³⁴ These hotels, opening during the period of the supposedly tight labor market, had 2,329 applicants for the 477 jobs which were eventually filled. One of the hotels, being located in a rural area, filled its positions with 81 percent local people. Most of these local hires turned out not to have finished high school, and to have been unemployed and without previous training. It also turned out that even the hotels in Waikiki filled their jobs with a majority of local untrained unemployed. These figures demonstrate the capacity of the hotel industry to provide for the local untrained unemployed who might otherwise be forced by lack of transportation and opportunity to remain out of the labor force and subsequently swell the ranks of the unemployed and welfare.

Traditionally, many jobs in the service industry have utilized on-the-job training and the career ladder approach to training and upgrading new employees. This system can be greatly augmented by introducing new training techniques and aids, instructing management on how to train and generally improving the level of supervisory training during the next decade.

³⁴See Table 7, "Summary of Applicant and Hiring Profile," p. 24.

Immigrant Retraining and Acculturation

Of considerable concern to Hawaii is the retraining of recently arriving immigrants whose language and acculturation problems are deterrents to employment. While these persons are potentially available for the job market, more special programs for acculturation need to be developed. Several model projects are now under study. For this group, the visitor industry is ideally situated to act as a first job employer easing the cultural transition of the several thousands of new yearly arrivals.

The changing visitor mix (10 percent from Japan to perhaps 20-25 percent in five years) is rapidly affecting the need for linguistics training in the visitor industry. Visitors from various cultures are now vacationing in the islands; special labor force education and training are required to accommodate their needs. Special incentives and special certification and possible premium pay should be considered for visitor industry employees who possess or secure the necessary special language skill. An approach to this problem is being promoted nationally as one of the high priority activities by the new Assistant Secretary of Commerce for Tourism. The U.S. Commerce Department plans to assist "in alleviating the language problems through the hotel multi-lingual language certification program and the travel-phone to service the needs of the non-English speaking foreign visitor," according to a declaration by Secretary Washburn.³⁵

Work Attitudes in the Visitor Industry

In the HVB Manpower Subcommittee Report of 1967, the question of preserving the aloha spirit and how to maintain Hawaii as more than merely another travel destination was discussed.

It was agreed that "to this end advanced training and assurances of dignity to holders of humble jobs are important. The biggest job is to attract people at the job entry level. Potentially demeaning job titles, such as busboy and bellboy, should be upgraded to a mature connotation, with appropriate vestibule training programs at entry level even though on-the-job training programs may have sufficed in the past."³⁶

³⁵Inouye, op.cit.

³⁶"Report of the Subcommittee on Manpower" (Hawaii Visitors Bureau Long Range Planning Committee, 1967). (Mimeographed)

Good pay and working conditions, opportunities for skill development and a good community environment is conducive to pride in work and respected status in the community. Public policy should recognize the distinction between service and servility, and some older points of view are inappropriate.

As the chapter indicates, in order for Hawaii to meet the manpower challenges of the '70's, greater emphasis must be placed on training. There is a continued need to upgrade the work environment. More qualified, better trained personnel must be developed. Certification and licensing is necessary in certain guest contact and quality control areas. A systematic and repeated survey and analysis is needed to note the changing labor market needs of the visitor industry. With attention to such details, and with proper overall policies and leadership, Hawaii will be enabled to maintain its strong position in visitor industry human resource development.

CHAPTER III

REVIEW OF RECENT VISITOR INDUSTRY MANPOWER RECOMMENDATIONS

INTRODUCTION

The preceding chapter developed an understanding of manpower in the visitor industry. In many ways, the 1970 Travel Industry Congress reflected upon many of these manpower concerns. In the fall of 1970, the Commission reviewed the manpower findings of the Travel Industry Congress and held a public inquiry on the visitor industry. It became evident that most of the Congress findings had no recognized process by which they could become adopted, and the Commission added its support for more coordination in its 1971 Annual Report.

Since the Travel Industry Congress recommendations were issued in early 1970 and since the publication of the Commission's Annual Report, a number of manpower objectives and recommendations have been acted on to a certain extent and in some areas, but this implementation has not been coordinated, consistent, nor commensurate with need. The Legislature in the 1971 Regular Session took note of this lack of progress in requesting the Commission to engage in encouraging coordination. There are many reasons why implementation has not occurred. In reviewing the actions taken subsequent to these recommendations, it is apparent that support of many of these objectives will require a high level of public understanding and participation and a better means of coordinating efforts to achieve these objectives. As Chapter II discusses, improved human resource planning will also contribute to the achievement of these objectives.

REVIEW OF ACTIONS ON RECOMMENDATIONS

The Commission reviewed the actions taken pursuant to the recommendations coming from the 1970 Travel Industry Congress (TIC) and the 1971 Annual Report of the Commission on Manpower and Full Employment (CMFE).¹ The recommendations are grouped together by subject headings for the readers' convenience:

¹This review confined itself to those recommendations bearing on manpower. Other Travel Industry Congress recommendations are covered in two progress reports prepared by the Hawaii Visitor Bureau in Appendix C.

Perpetuation of Hawaii's Multi-Ethnic Culture

TIC #1. Hawaii's visitor industry must encourage the perpetuation of Hawaii's ethnic multi-culture by supporting all proper legislative and private activity which will enable persons of Pacific and Asian heritage to productively live, work and contribute to Hawaii's society with dignity, integrity and opportunity, but this does not include the importation of labor other than temporary trainees or stimulation of immigration beyond facilitating the reuniting of family groups.

CMFE Provide through the State's educational system more background material on the various ethnic, cultural and social histories of all of the State's people so our peculiar uniqueness and charm would not be lost.

The TIC recommendation reflected the findings of the Governor's Immigration Conference held in 1969 which called for a delay in implementing a labor importation policy to overcome what many felt was an impending labor shortage. No shortage materialized and the labor situation has shifted significantly since then. While no concerted labor importation policy developed, changes in federal legislation has brought an influx of Asian immigrants numbering close to 9,000 a year by 1971, a number of whom are seeking employment. To meet some of the needs, the Legislature established the State Immigration Service Center as a pilot project in 1970. Also, a pilot acculturation project for immigrants funded by the State Manpower Development and Training Program (Act 251) was completed in 1971 to experiment with methods to improve the employability of immigrants. Evaluation of the project is expected by the end of December, 1971.

The CMFE recommendation, while not directly related to the immigration problem, is also an outgrowth of the concern that Hawaii's multi-ethnic characteristics should be preserved. Senate Bill 505, 1971 Legislative Session, appropriates an undetermined sum to be used to coordinate a program of Hawaiiana in the public schools and requires that the Department of Education institute an in-service training program for teachers in Hawaiiana. This bill was not passed by the 1971 Session, but will be carried over to the 1972 Session. Limited offerings in Hawaiiana are presently available in the regular Department of Education and in its Adult Education program and community colleges curricula but such a bill would expand the program in the Department of Education considerably.

Leeward Community College has also received a \$9,360 grant from the National Endowment for the Humanities to develop "The Aloha Spirit", an interdisciplinary course focusing upon the unique nature of Hawaii. A staff of seven faculty members and students will work on this project.

Certification & Training

TIC #2. Hawaii's visitor industry must institute a system of training, certification, and recognition of achievement for workers who provide service to the visitor at all levels. This certification program can be implemented through the HVB, HHA, and the Community College System's manpower training section.

CMFE Institute a certification-of-skills program for the travel industry occupations, such as tour drivers, waiters and other suitable classifications. This certification should be through schools and training institutes with a strong labor-management involvement.

Certification

The Community College System's Manpower Training Office has expressed its willingness to cooperate with any agency to implement the recommendations.

SCR 40, passed during the 1970 Legislative Session, asked the visitor industry to institute such a certification system. This certification program was to be implemented through the Department of Labor and Industrial Relations (DLIR), the HVB, the Hawaii Hotel Association, University of Hawaii, Community College System's manpower training section, and the Pacific Training Council. The HVB had asked the DLIR to take the initiative in implementing SCR 40. The DLIR feels that the request made by the legislature is not in their jurisdiction, but the jurisdiction of the Department of Regulatory Agencies and has taken no action to date. The Legislature provided no funding for additional staff or other expenses.

Training

The HVB has participated in a tour driver training program for the past two years in conjunction with the Department of Education which has supplied a teacher for the statewide program by Legislative request. The Commission's inquiry, however, indicated that a number of persons who are interested in enrolling in

such a program do not know of its existence, suggesting that better communication might be in order through both the DOE and HVB. Expanding such programs might also be beneficial.

Through the federal Manpower Development and Training programs (MDTA), the Manpower Training Office has conducted many training programs related to the hotel industry including the preparation of 99 new workers for Kona hotels (hotel front office, waiter/waitress, room maids, housemen, cook assistant) in the summer of 1971. Since 1963, continuous training for short order cooks and entry level cooks has been provided through MDTA; enrollment in this program was 74 in 1970.

Career Opportunities in the Visitor Industry

TIC #3. Hawaii's visitor industry must provide an ongoing in-school career opportunity program geared to high school juniors and seniors to correctly illustrate the multi-career spectrum which the visitor industry offers to the young Hawaii job seeker.

CMFE Step up programs in high school to acquaint students with opportunities in the visitor industry.

It has been the practice of a number of firms in the industry for many years to participate in the career day programs held at various high schools on Oahu. Other efforts have been made through private auspices to acquaint students to the industry but, as is indicated below, the efforts have not been on a continuous basis.

Interisland Resorts sponsored a program a year and a half ago whereby hotel workers went out to various high schools to describe their jobs. These volunteers were from different ethnic backgrounds and they were, for the most part, young. All the high schools on the Big Island and high schools in rural Oahu were covered. The program was carried on for a year and received national publicity. However, the program, which was financed almost entirely by Interisland Resorts, became too expensive and was dropped. Interisland Resorts would be able to continue the program if financing were available, but at the present time it has no internal need to justify continuation.

In cooperation with the restaurant and hotel associations, Kapiolani Community College also sent counselors to talk about job opportunities in the tourist industry at high schools where

it was thought a large number of students might be interested. They are no longer able to continue this activity because of the increased workloads of the counselors.

The School of Travel Industry Management periodically (usually upon request or invitation) sends one of its faculty to various local high schools to discuss career opportunities in the travel industry and attempts to acquaint students with the educational requirements for each level of employment on the travel industry career ladder. Alternatively, high school counselors have escorted small groups of interested students to visit TIM offices on the Manoa Campus and participate in an annual Career Day co-sponsored by the Associated Students of the University of Hawaii to which high school seniors are invited.

For the past two years, the Hawaii Restaurant Association has participated in high school career days and has actively recruited workers. It has invited high school counselors to meetings to explain about the industry and in 1970 arranged a tour of facilities for counselors at Kapiolani Community College. The Association expects to continue these activities.

Housing for Industry Employees

TIC #4. Hawaii's visitor industry must initiate a programmed development code which will encourage resort developers to provide acceptable housing, recreational facilities and other amenities for worker residences which will maintain a healthy and comfortable environment for the employees and their families. The provision of such facilities must be well demonstrated before further remote visitor plants can be permitted.

CMFE Require Neighbor Island resort developers to provide employee housing, nursery school care and the other amenities that would then attract to it and maximize the numbers in the resort work force.

In 1970, the director of the Hawaii Housing Authority reported to the Legislature that the State has embarked on a housing program on Maui which will accommodate employees of hotels and resort-oriented industries and other employees who are not able to afford housing accommodations at reasonable prices. He also reported housing projects in Lahaina and Paia and of Maui Land and Pineapple Company earmarking land for houses for employees and non-employees in its new resort development in West Maui. The company asked

the HHA for assistance in its venture. The HHA has been working with principals of resort developments in both Waimea and Kona to develop more homes for employees in these areas.

Olohana Corporation is now constructing a 51 unit complex at Kawaihae for hotel and resort employees.

The County of Hawaii General Plan includes provisions for hotel employee housing. Major Resort, Intermediate Resort, Minor Resort, and Retreat Resort Areas would be obligated to provide employee housing at a maximum ratio of one employee unit to every two hotel units built. The required ratio would be determined by an analysis of housing needs of each district or related area.

The Kauai County Planning Department has approved three applications for housing development for hotel employees. Two are in the Waipouli-Kapaa area and the other is in the Hanalei Princeville area.

The two developments in the Waipouli-Kapaa area are not being built by resort developers. Prosser-Childs, Inc., a real estate agency, will begin construction of a 201 unit complex in January, 1972. Rental will be \$175-225 a month. James F. Bolster, a developer from Washington, has an approved application to build a 60 unit apartment building. Projected rental will be \$200-250 a month.

At Hanalei, the Eagle County Development Corporation is in the process of building twelve 3-bedroom units to sell at \$25-30,000 and eight 2-bedroom units to sell at \$20-25,000. These are expected to be completed in May, 1972. Another 20 units will be built after the first 20 are completed and more later if a demand still exists.

Data for the Visitor Industry

TIC #5. Hawaii's visitor industry must provide more reliable statistics and working figures regarding job opening, labor supply, skill shortages, wages and conditions, and the like. Presently, the data now in use is unreliable due to lack of professional maintenance of effort and the lack of cooperation by the industry in providing information.

CMFE Improve the communication within the Manpower Training and Vocational Technical Division in the community colleges with individual hotel companies and also with the association of hotels; this would be especially important in finding out the skill needs of the industry.

HCR 64, Legislative Session 1970, requested the Department of Labor and Industrial Relations to collect and maintain data relating but not limited to such factors as labor supply, job openings, wages, average annual hours, and hiring policies. Also, SB 892, CD 1, Legislative Session 1971, appropriated \$60,000 for the biennium 1971-73 for additional staff and related expenses for the DLIR in Research & Statistics to be used to conduct area skill surveys for each of the islands. This latter legislation is awaiting implementation due to the State's freeze on hiring.

Despite the freeze which has halted work on an area skills survey, considerable progress has been made by the community college system in developing its own surveys for the neighbor island counties. Area skills surveys for Hawaii and Maui counties have been completed, and a similar survey for Kauai county is expected to be completed by December 1971.

The Pacific Training Council made one forecast study with Kentron Hawaii on manpower requirements. Additional inputs may be needed to refine the study.

Job Descriptions (and Performance Objectives and Dissemination of Sophisticated Management Techniques)

TIC #6. Hawaii's visitor industry must assume the role of leadership in redefining the job descriptions of tourism workers as we approach the technology and abundance of travel of the '70's. Hawaii must be the center of learning regarding management concepts, technological advancement in the hospitality careers and other highly relevant areas of tourism human resources.

There has been a continuation of existing training programs, but no steps have been taken to redefine job descriptions on an industrywide basis.

Opportunities in Public Contact Jobs

CMFE Encourage the local work force to avail itself of the economic opportunities in the local travel industry. Job opportunities would widen more if local residents

could upgrade their ability to handle public contact jobs. An improvement in the use of communication skills was adjudged to be extremely important to this end, and this should be provided by special training through the State's education and training network. Such courses should help overcome what was labeled the fear of the many island ethnic groups of not being able to fully cope with a dominant Mainland culture.

Progress is being made through the Hawaii English Program (which is now being installed in grades K-3 and will be expanded through grade 12 in the public schools) and through speech courses in both the community colleges and public schools.

Education in the Japanese Language

CMFE Increase school courses in conversational Japanese, in order to meet the needs of the expected increase of Japanese tourists. The level of tour satisfaction the Japanese visitor enjoys may well be a function of the local population's ability to communicate.

The enrollment in conversational Japanese courses has increased both in Adult Education and the University of Hawaii. The educational institutions are willing to increase their offerings provided their budget allows for additional staff and there is a legitimate request for such increases.

The HVB has provided a course in Japanese for some 60 tour drivers.

Industry Career Ladder

CMFE Encourage the hotel industry to consider initiating an industry career ladder from low level job-entry positions to middle and upper management positions in order to attract and hold the upward mobile individuals. This could also be aided by encouraging on-the-job training to promote upward mobility.

A review of industry opinion shows that opportunities in this industry are great and that industry does, whenever possible, promote from within. Many companies have on-the-job training programs although few are formal. Some elements of industry believe that this concept is irrelevant to the industry at this time.

Cuisine Cook Training

CMFE Implement training for cooks to a cuisine cooks level in the community college system.

In this area, the community college system, the Manpower Commission, and the labor unions have taken the lead in attempting to make this a reality through House Bill 812, 1971 Legislative Session. This bill was not passed but will be carried over to the 1972 Legislative Session (first reading).

Intoxicating Liquors, Employment Restrictions

CMFE Open up hotel employment for the 18-year olds by eliminating all restrictions relating to the serving of alcoholic beverages.

Present restrictions deny 18-year olds on Oahu the opportunity to find a compatible career in the hotel restaurant field, and in effect, force some into other lines of employment or unemployment. A change in the regulation would alleviate the situation, but legislative action is required.²

CONCLUSION

As the preceeding survey demonstrates, many visitor industry manpower training programs have been acted on only to a limited extent. The 1971 Senate, apparently sensing this in advance, directed through S.R. No. 181 the establishment of a statewide

²Hawaii Revised Statutes, section 281-78 (a) (5), (1967): This section states that liquor shall not "be sold or served by any minor upon any licensed premises except in such individually specified licensed establishments found to be otherwise suitable by the liquor commission in which an approved program of job training and employment for dining room waiters and waitresses is being conducted in cooperation with the university of Hawaii, or the state community college system, or a federally sponsored manpower development and training program, under arrangements which ensure proper control and supervision of employees."

tourist industry training program. This statewide tourist personnel training program was to be directed "not only within the industry itself, but also in other related service industries such as restaurant help, travel, bureau desk clerks, airline ticketing agents, public relations account executives, lei greeters, porters, and experienced tour escorts and guides".¹

This program was to be established by the University of Hawaii "with the assistance of the Department of Education, the Community College System, the College of Continuing Education, the Hawaii Visitors Bureau, the Manpower Development and Training Program, the appropriate agency of the various counties, the tourist industry, and other related public and private agencies".²

Many of these agencies reported that they had indeed progressed and expanded their travel industry training offerings. But for a variety of reasons no overall comprehensive tourist industry training program, articulated and coordinated by the University of Hawaii as contemplated in the legislative resolution, has as yet materialized.

Because it is desirable that there be such articulation, what is indicated is a specially designed agency, one of whose functions would be promotion and coordination of travel industry training. The final chapter of this inquiry envisions just such an agency. The following two chapters on governmental activities in the visitor industry and visitor industry coordination review the need for a leadership agency.

¹Hawaii, Legislature, 6th Legislature, General Session, 1971, Senate Resolution 181.

²Ibid.

CHAPTER IV

REVIEW OF GOVERNMENTAL ACTIVITIES IN THE VISITOR INDUSTRY - STATE AND COUNTY

INTRODUCTION

The history of governmental activity in the visitor industry in Hawaii is characterized by varying degrees of participation -- from direct involvement in hotel financing in the late 1800's to the present indirect involvement through the financial support of advertising and promotional activities of the Hawaii Visitors Bureau. Legislative attempts during the post World War II years have focused on the extension of government's role in the industry to provide coordination and a greater degree of involvement. Most legislative proposals have failed to pass, and except for the support provided to the Hawaii Visitors Bureau, governmental activity has been primarily channeled through the State Department of Planning and Economic Development which has contributed greatly to promotion and development of the visitor industry in the last decade. Other units of State and County governments have provided public facilities for recreation and public improvements supportive of the industry. This chapter reviews the development of government's role and surveys the activities performed by State and County agencies which relate to the visitor industry.

HISTORICAL BACKGROUND

Pre-1900 Governmental Activity

Direct governmental activity in the visitor industry can be traced as far back as 1872 when the Ministry of Finance of the Hawaiian monarchy appropriated \$116,000 to construct the Hawaiian Hotel, later to be known as the Royal Hawaiian Hotel. Records indicate that the hotel was the second most expensive capital improvements project between 1856 and 1874, and represented the government's initial response to the need for hotel accommodations with the establishment of steamship service with the United States, Australia and New Zealand. While the appropriateness of this governmental support was hotly debated in the Hawaiian Legislature, the Minister of Finance argued that the construction of a hotel was too large an enterprise for any one individual to undertake and the public interest required that it be undertaken by the

government.¹ The actual operation of the hotel was leased out to a private individual on the condition that the profits would be divided with the government. However, for the first five years, it appeared no profits were made. While the Hawaiian Hotel venture was the first instance where the government participated directly in Hawaii's visitor industry, it is probable that the low returns on the investment convinced legislators that governmental support might better be channeled through other means. By the turn of the century, the government had divested itself of its interest in the Hawaiian Hotel.

Promotion and Advertising

By 1903, it had become fairly widely accepted in governmental circles that support should be limited to financial aid to private organizations promoting Hawaii as a visitor destination area. In that year, the Legislature appropriated funds to the Hawaiian Promotional Committee, which was the predecessor to what is now known as the Hawaii Visitors Bureau. In the years before World War II, no major attempts were made to change this supportive role, but steady growth in the visitor industry after World War II prompted legislators to review governmental activity and to suggest changes.

Early in 1950, a legislative committee proposed to make promotion a direct governmental function, but the proposal was shelved because there was substantial opposition both within the Legislature and the visitor industry. At that time, the Hawaii Visitors Bureau contended that it could do an adequate job if allowed to focus on advertising and promotion and rejected the legislative suggestion that the bureau also promote the development of hotel facilities.²

Postwar Efforts at Coordination

Despite unsuccessful attempts to alter government's relationship with the visitor industry, growing criticism and dissatisfaction with conditions in the industry led to the suggestion that

¹Anson Chong, Economic Development of Hawaii and the Growth of Tourism Before 1945 (New York: Erickson Enterprises, 1963), p. 106.

²Dennis Palumbo, Government Participation in the Visitor Industry in Hawaii, University of Hawaii, Legislative Reference Bureau (Honolulu: University of Hawaii, 1962), p. 5.

governmental coordination, if not governmental control, might prove beneficial to the well-being of the industry. What followed were numerous legislative attempts to create such a coordinating body.

In 1955, an amendment to Senate Bill 11 provided for the creation of the Hawaii Tourist Development Commission to coordinate and develop all aspects of the industry. The Commission was to have a director and staff, an information office, a Tourist Facilities Development Board, a tourist development fund to assist financially in the development of tourist facilities, and advisory groups. The Hawaii Visitors Bureau was to remain as a promotional agency. Although the bill was passed by both houses, it was vetoed by the Governor due to fiscal constraints.³

Despite the veto, by 1957 support for a coordinative body gained ground outside of the Legislature as well. In its report to the Governor, the Advisory Commission on the Tourist Industry which was set up subsequent to the 1955 veto by the Governor, issued a report which concluded that government would have to: (a) formulate an industry-wide program for the development of public facilities on an all-island basis; (b) obtain agreement for joint action among the responsible agencies; and (c) cooperate with business on common goals. It also recommended that the government's role extend to include: (a) civic planning, (b) the maintenance of standards in dealing with visitors, and (c) the encouragement of cultural activities of interest to visitors.⁴ The 1957 report is significant because it formed the basis for subsequent legislative attempts to provide a mechanism for coordination.

In the same year the report was issued, the Territorial Planning Office, one of the components of the present Department of Planning and Economic Development, was created. Its duties included the responsibility to plan for the integrated and coordinated development of the tourist industry. Those who sponsored the bill hoped that this office would be able to plan for the overall development of the visitor industry. Some members of the Legislature, however, did not believe that the new office should perform this function. As an alternative, they proposed the creation of the Tourist Development Commission, a structure similar

³Ibid., pp. 7-8.

⁴Ibid., p. 1.

to the 1955 bill vetoed by the governor. While hearings on the bill disclosed that the industry lacked coordination, both houses of the Legislature failed to agree on the provisions and the bill died.

Proposals to establish a Tourist Development Commission were introduced in both houses of the Legislature in 1959 but opposition from the newspapers, the Hawaii Visitors Bureau, and business led to the defeat of the bill. At that time it was argued by opponents of the bill, that promotion and development should not become governmental functions because of the possibility of political influence and general inefficiency. While efforts at direct involvement failed, the Legislature authorized an annual contract between HVB and the State through the Department of Planning and Economic Development, and created County Tourism Advisory Committees to act in an advisory capacity to the department.⁵

Another attempt was made in 1961 to increase governmental involvement, but this too proved unsuccessful. The proposal would have established a Division of Tourism within the Department of Planning and Economic Development, but failed to gain the necessary support for enactment.

Recent Attempts at Coordination

More recent activities within the Legislature, indicate that the need for coordination is a continuing concern. An Interim Subcommittee of the Committee on Economic Development, Tourism and Transportation was appointed by the 1967 Legislature to study tourism development in Hawaii, the need for a tourism development plan for the State, and the role of State government in tourism development. Their objective was to recommend action the State Senate might take to encourage the orderly development of the visitor industry.

The Subcommittee on Organization found that regular and continuous coordination between the governmental and private sectors of the State was needed and that the industry was not properly organized to accomplish this task. To provide the needed coordination, they proposed to create a formal organization composed of governmental and private officials with an industry board to develop and recommend policies and priorities and provide for an

⁵Hawaii Revised Statutes, secs. 203-2,3 (1967).

Industry Development Council which would serve as a coordinating group to facilitate the exchange of information and the generation of ideas. Various pieces of legislation were introduced to implement this, but none was passed.

Because many of the problems besetting the visitor industry were still unresolved, the Hawaii Visitors Bureau's Statewide Goals Committee asked Governor Burns to convene a Travel Industry Congress in early 1970. The Congress adopted many recommendations including a proposal to provide special gubernatorial coordination of visitor industry activity.⁶

During the 1970 Session, the Legislature requested that the HVB coordinate all tourist development activities within the private sector and work closely with State and County public agencies to insure that the development of the tourist industry would be an integral part of the overall planning and development of the State of Hawaii.

The 1971 Legislature expressing concern with the lack of coordination and overall human resource planning in the visitor industry and the concern that findings of the 1970 Travel Industry Congress had not been fully implemented suggested that the State Commission on Manpower and Full Employment initiate codification of all government activity in the field and engage in the necessary coordination.

SURVEY OF GOVERNMENTAL ACTIVITIES

In response to a legislative request to initiate codification, the Commission embarked on a survey of the many statutes, regulations, and ordinances relating to the visitor industry to provide a general overview of State and County agencies' responsibilities and to arrange them functionally to serve as a useful reference to the reader. The arrangement will facilitate any further development of a codification and indicates the complexity of the many

⁶Hawaii Visitors Bureau, Recommended Goals for Hawaii's Visitor Industry as Developed by the Travel Industry Congress at Honolulu, January 6-7, 1970 (Honolulu: Hawaii Visitors Bureau, 1970), p. 10.

different laws and ordinances dealing with the visitor industry which may require some means for coordination.

Method

Before entering its survey, the Commission met with representatives of the visitor industry and State and County governments who indicated how government affected operations and what activities were involved. Because of the lack of any precedent in compiling such a survey, the Commission organized its list of governmental activities along functional categories adapted from one developed by the International Union of Official Travel Organizations.⁷

These functions are as follows:

1. Publicity and advertising.
 - . preparation and distribution of information.
 - . preparation and organization of advertising programs.
 - . public relations.
2. Hotel and catering.
3. Conservation and planned utilization of natural resources and the cultural and artistic heritage for purposes of tourism.
4. Transportation.
 - . participation in actions concerning facilitation and development of various means of transport in the country: air, road, and sea.
 - . participation in elaboration of construction projects concerning seaports and airports.
 - . measures with a view to promoting all-inclusive and group travel among operators.
 - . coordination of various modes of transport on a national level.

⁷International Union of Official Travel Organizations, Aims, Functions, and Fields of Competence of National Tourist Offices, 1966 (Geneva: IUOTO, 1966).

5. Studies and research.
6. Professional training of the personnel of national travel organizations and other visitor industries.
7. Tourist reception and information.
8. Facilitation.
 - . activities with a view to abolition, relaxation, and simplification of entry and departure formalities.
 - . action to promote measures for the provision of services for tourists at entry points - information offices, monetary exchange facilities, and duty free shops.
9. Recreational areas, including parks, playgrounds, and beaches.
10. Organization and structure of visitor industry inside the country.
 - . establishment and running of local tourist offices.
11. General visitor industry promotion activities.
12. Travel agencies and tour operators regulations.

In addition to those activities listed by the IUOTO, the Commission found that two other broad categories were particularly significant and included them in its survey. They were: (1) environmental and health concerns since the industry depends on an attractive environment for its business, and (2) selling as it applies to sidewalk vendors and lei vendors, and liquor regulations since they regulate vendors who derive a large part of their business from visitors.

On the basis of these functional categories, an attempt was made to review pertinent State statutes, County ordinances, agency rules and regulations, and legislative requests from 1963 to 1971. The necessity to limit such a survey dictated the exclusion of federal laws although many areas of visitor industry concern are affected by these laws. It was decided that the review would include only those areas where the State or Counties had clear jurisdiction. Laws or ordinances which had broad application to the general public such as the general excise tax were also excluded in this survey.

The Commission's survey does not purport to be comprehensive nor exhaustive. No attempt in this chapter is made to suggest specific changes in existing laws. What is strongly indicated, however, is a need for some mechanism by which such laws could be regularly reviewed and evaluated as to their relevance and amendments be suggested.⁸ Such a review should be guided by agreed upon State policies and goals for the visitor industry.

Summary of Governmental Activities

The summary on page 53 lists visitor activities and agencies involved in these activities. The numbers in the body of the chart indicate the number of separate sections of statutes and ordinances that apply to each agency by activities. Also included in the tabulation are requests made by the Legislature which relate to the visitor industry. The table is not intended to indicate the number of separate directives, powers, or functions for each agency, nor should it be construed to indicate the agency's importance in the visitor industry in terms of the degree of involvement and the number of activities in which it is involved as they relate to the visitor industry. What the table attempts to do is to indicate the complexity of the visitor industry in its relationship to government at the State and County levels.

⁸The compilation of material as it relates to governmental activity in the visitor industry has not been reproduced in this report. Information, however, on specific statutes, ordinances, and rules and regulations will be available at the Commission office for reference of researchers.

SUMMARY

Review of Governmental Activities, State and County, in the Visitor Industry

	Pub. & Advertising	Hotel Restaurant	Conserv. & Utiliz. of Nat. & Cult. Resources	TRANSPORTATION			Studies & Res.	Trng. & Manpower	Facilit. & Tour. Recept. & Info.	Recrea. Areas	Tourist Offices, Prom. & Dev.	Environ. & Health Reg.	Selling	Liquor	Total by Agency
				Air	Road	Water									
All Counties	1	6	6							1				8	22
C & C of Hon.	1	20	15	1	26					12			2	1	78
Hawaii County		5	3		17					1	3		3		32
Mauai County		6	14		12					5		1			38
Kauai County					5					8					14
DPED	2		6				3			1	4				16
Land Use Comm.			1												1
Dept. of L & NR		5	10							4					19
Gov's Office										1	1	6			8
AG			1							1					2
HVB			2				1				2				5
Dept. of Trans.			1	20	1	14			4	1					41
UH			3					5							8
Dept. of Health		1										17			18
Dept. of Tax.		1													1
Legislature							3				4				7
DLIR							1	2							3
HHA								1							1
PUC					2	1									3
Manpower Comm.								1							1
No Assignment		5													5
Total by Activity	4	49	62	21	64	15	8	9	4	35	14	24	5	9	320

Note: Because some laws (like those dealing with the Department of Planning and Economic Development in Chapters 201 and 203 of the Hawaii Revised Statutes) are general and all-inclusive and others (like those dealing with the City and County of Honolulu) are specific, designation and method of counting was somewhat arbitrary. Different definitions might have lead to a different count.

CHAPTER V

REVIEW OF THE DEVELOPMENT OF VISITOR INDUSTRY COORDINATION - HAWAII AND OTHER JURISDICTIONS

INTRODUCTION

Seventy years of history had preceded the broad statewide assessment of Hawaii's visitor industry at the Travel Industry Congress held in 1970. As the preceding chapter indicated, the concern over coordination in the visitor industry resulted in numerous legislative attempts to create such a mechanism. It is useful at this juncture, then, to examine the Hawaii Visitors Bureau as it operates today and its relationship to the coordinative role government might play.¹ This chapter also examines how governments in other jurisdictions are participating in their visitor industries. Increasingly, governments are assuming responsibility for planning and coordination within the visitor industry and results appear favorable not only for the visitor industry but other areas of the economy as well. Comparisons of Hawaii with these other jurisdictions suggest that a coordinative mechanism may be beneficial and the examples which are discussed in this chapter show a number of ways of accomplishing this end.

THE HAWAII VISITORS BUREAU

Background

Since 1903 the Hawaii Visitors Bureau or its lineal ancestors have promoted tourism to Hawaii and have been a link between government and private interests in the visitor industry, except during World War II when it was not in operation (1942 - 1945). From the beginning, the Territorial, and later the State government expressed its interest tangibly by providing some of the operating funds for the Bureau. Membership of the 1903 Bureau included representatives from the Chamber of Commerce which had been instrumental in its formation and which continued its

¹The Commission on Manpower and Full Employment is indebted to Dr. Thomas H. Hamilton for a discussion of the Hawaii Visitors Bureau and the problems of coordination in the visitor industry today. It is reproduced in Appendix D.

interest and support in various activities throughout the Bureau's history. The Chamber reinstituted the Bureau in 1945, and organized other special committees as need was indicated: to approach potential investors for tourist facilities, promote conventions, or assist planning and development efforts.

Although the internal structure of the Visitors Bureau changed from time to time, in recent years it has continued to perform certain functions involving: marketing, public relations and promotion, research, visitor satisfaction (including a visitor complaint office and subsidization of special events), international hospitality, Rest and Recuperation liaison and development, convention solicitation and membership promotion. It presently operates eleven offices: six are in the State, four on the Mainland, and since 1969, a Far Eastern office in Tokyo. The Bureau's budget has grown accordingly. In 1922, the Bureau's annual budget was \$100,000 with the Territory and City and County of Honolulu providing about a fourth of the money; in fiscal 1971 its budget was more than \$2 million, of which the State provided approximately three-fourths. With public funding, the Visitors Bureau has had a quasi-governmental status, and the State has made contracts for its services annually since 1959 through the Department of Planning and Economic Development. From 1967 the terms of the contracts have become more stringent and the State has exercised more authority over the activities of the Bureau than previously.

Current Problems

The unplanned growth of the visitor industry in Hawaii was not widely criticized until the 1960's since the industry was regarded as a source of needed dollars and employment possibilities. During the latter part of that decade, however, increasing numbers of questions were raised by environmentalists and populationists regarding the effects of continued growth of the industry unrelated to broad plans and objectives which balanced the industry's development with other needs for resources.

In addition, criticisms have been made of both the way the Visitors Bureau carries on some of its continuing functions and the omission of other functions deemed by some to be appropriate to the Bureau and not presently performed by any other agency. One of the major problems in achieving sound planning is the weakness of statistical data which is discussed in more detail in Appendix B. Coverage of east-bound visitors and economic data for special analyses are limited.

The Bureau is a channel which distributes funds for special events designated by the Legislature but has little control over the programs. The effectiveness of the events in attracting or entertaining visitors is not evaluated. The Visitors Bureau handles visitor complaints. Although it is able to settle many complaints, if an element of the industry refuses to rectify a wrong the only recourse is to a State agency since the Bureau has no enforcing power. The Bureau also has not been able to solve the problems of developing standards for the industry or of mechanisms to enforce or recognize standards.

Recent Policies and Emphases

Until the latter 1960's the Bureau had considered its role primarily to be that of attracting visitors to Hawaii. However, at that time, in view of criticisms and in response to legislative directives, it developed new objectives which included: 1) serve as catalyst and coordinator of key elements of Hawaii's economy affecting tourism; 2) initiate long-range studies, plans and programs to provide for the balanced and orderly growth of the visitor industry; 3) further development of education to preserve and maintain the aloha spirit and the customs, arts, crafts and cultures of the various ethnic groups; 4) contact and assist Asian nations in development and promotion of tourism; 5) sponsor the Waikiki Improvement Association to plan for the orderly growth of Waikiki.

In response to the objectives, the Bureau established a long-range planning committee which reported to the 1967 session of the Legislature. In 1969 the Bureau appointed a more broadly representative Statewide committee on goals for the industry which recommended to the Governor that he call the Travel Industry Congress of 1970. Despite the Bureau's efforts towards implementation of its new objectives, it is apparent that policy formation and the development of orderly growth plans and quality control are still short of realization.

Decision Making

In the past four years the Visitors Bureau has devoted a good deal of effort to proposals for long-range planning and coordination of Hawaii's visitor industry. In addition, the Travel Industry Congress, three committees of the Chamber of Commerce, the Waikiki Improvement Association, the Department of Planning and Economic Development, and legislative committees have deliberated on goals and policies involved in the future of the industry. Agreement and progress were made towards some

objectives, but problems remain in unifying and utilizing the contributions of the various interested agencies in the planning and policy making fields. Although the Visitors Bureau has linked the efforts of groups interested in promotion, it has not yet evolved effective linkages between public and private groups interested in plans.

REVIEW OF THE DEVELOPMENT OF COORDINATION IN OTHER JURISDICTIONS

The development of Hawaii's visitor industry, although unique, has been subject to the same social and economic forces which have influenced tourism in other countries. Urbanization and industrialization, together with rising personal incomes, longer vacations and speedier travel, have caused very rapid growth in both international and domestic tourism. Governments have become increasingly involved in the industry because the life of the resident population in the visitor's destination area has been affected by the benefits derived from the visitor industry and also influenced by the competition for government services and public improvements brought on by increasing tourism.

Coverage of Other Jurisdictions

In its inquiry into the visitor industry of Hawaii, the Commission made a survey of visitor industry coordination in a selected group of jurisdictions for the purpose of comparing the visitor industry in Hawaii and other countries. Since governmental policies and organizational structures are interrelated, discussions of both were included in the study.

After a preliminary survey of the literature, a group of jurisdictions was selected on the bases of: acknowledged expertise in the visitor industry; comparability to Hawaii (e.g., islands, Pacific area, or area appeal based on a sunny, warm climate); and its approach to coordination based on government philosophies which ranged from some control of the industry to more freedom for private enterprise. Letters were sent to the tourism agencies of twenty-four foreign governments (including countries, colonies, and provinces); eight states of the United States; and five regions within states. Additional letters were sent to the United Nations and to the legislative reference agencies of all other states of the Union.

Responses to inquiries came from nine of the ten units of the United Kingdom who were asked. All jurisdictions in the Pacific area replied. Seven of the other fourteen jurisdictions outside of the U.S. which were selected did not respond. None of them was English-speaking or located in the Pacific area.

Answers to our queries came from three of eight state tourism agencies and four of five intra-state offices. Twenty-eight state legislative offices sent information. Thus, our sample is considered to be relevant, but does not purport to be scientific nor represent complete coverage. However, it should serve to illustrate a wide range of answers on how governments set policy and maintain review and coordination of their visitor industries.

Special factors related to the visitor industry in Hawaii are more common to other islands and Pacific areas than to other states. Thus, examples of tourism organizations in foreign jurisdictions will be discussed before those of other states.

JURISDICTIONS OUTSIDE OF THE UNITED STATES

Background Factors

The sixteen jurisdictions which sent information for this inquiry comprised a great variety.² Ten were countries (three affiliated with the United Kingdom), four were colonies, and two were provinces. Eight consisted entirely of islands. Most others had shorelines on large bodies of water.

Some jurisdictions had long background of high level development in the visitor industry; but the growth of the industry in others occurred largely after World War II, and their recent growth rates have been higher. However, growth was characteristic of the industry in all the areas which reported.

Agencies promoted, supported, planned, developed, and/or regulated the visitor industries of these jurisdictions. Whether

²Jurisdictions included: Australia; Bahama; Bermuda; Canada; Republic of China; Fiji; Hong Kong; Republic of Ireland; Israel; Japan; New Brunswick, Canada; New Zealand; Nova Scotia, Canada; Philippines; Spain; and Switzerland. Materials which were submitted are available for further study at the Commission office.

the central agency was a governmental body, a voluntary association of private individuals and business firms, or a quasi-governmental body which was funded by the government, there was always some channel for the interests and expertise of the industry to be expressed and some involvement of government. From our inquiry, it is apparent that government's role had increased in most of the jurisdictions between 1965 and 1971; and the only government which relinquishes visitor industry coordinator functions in the same period had assumed them earlier because no private agency was available to provide for specific visitor needs.

Current Problems

The reporting jurisdictions recognized problems of both long-standing and recent nature in connection with their visitor industries. Persistent problems in the South Pacific included the time, distance and cost of travel from their major tourist-generating areas. A great deal of promotional emphasis and expenditure was thought to be needed in other jurisdictions to counter negative news or stereotypes connected with them. Economic reverses in the United States and other major visitor supplying nations were problems to the industry in many other places.

Changes of transportation routes have severely lessened numbers of visitors to some destinations when passenger ships changed their routes or jet planes flew over previous stopping places. Increases in transportation costs to the area, in relation to costs of trips to other places, also reduced numbers. Participation in the decision making regarding transportation was a problem of urgency to several of the tourist agencies.

Increasingly, the major challenges to agencies are seen as related to the maintenance of a balanced, sustained and orderly growth of their visitor industries. Very large groups arrive in central cities at one time due to the capacity of present ships and jet planes. Facilities are overcrowded at some times and underutilized at others.

Since visitor satisfaction is highly related to satisfactory facilities, and tourism is growing at a very rapid rate overall, the provision of adequate facilities also is increasingly a matter of governmental as well as private industry concern. These problems include inadequacies in maintenance of standards in both services and buildings, as well as the provision of financing for needed additions or improvements. Sites selected

by private business frequently are not correlated with the demonstrated urgency of needs of particular areas.

Moreover, threats to the maintenance of both the physical and social environments are viewed as growing problems needing urgent attention. These threats come from increased tourism as well as non-compatible uses of the land.

Recent Policies and Emphases

Goals of the visitor industries of all the countries which reported had been stated or revised within the immediate past. With the heightened growth of the industry and the increased competition within it, all agencies working with tourism are being urged to heighten efforts or add activities to keep abreast of changing problems.

By far the most frequently stated goal is for a further increase in the visitor industry. Frequently, however, the kind of growth which is desired is qualified: it should be integrated with the growth of other segments of the life of the community; it should reduce regional domestic differences; it should be controlled and orderly; it should primarily come in the off-season; or it should be cooperatively planned and executed by the various governmental authorities involved and leaders of the industry.

Promotion and marketing are to be expanded or accelerated. New target areas are specified. The effectiveness of various techniques is to be tested. Promotional emphasis is to be on the country's principal attractions after they have been carefully analyzed. Satisfactory development is widely recognized as being basic to successful promotion.

Development goals in most cases are stated in relation to national industrial or social planning, as well as to the estimated possibilities of the tourist industry itself. Policy decisions in tourist intensive countries emphasize that priority must be given to proposed new developments which will contribute to the social, cultural and economic well-being of the locality as well as the future of the visitor industry itself. Development plans include the maintenance or upgrading of standards of service and accommodation in many cases.

In jurisdictions where tourism has been relatively under-developed, agencies have been set up to channel government and private funds into desired additions, and the provision of funds makes it possible for them to contract for a specific quality

of operations. Countries which do not have national funding agencies have instituted inspection and licensing procedures or publish "approved" lists of attractions which they recommend to visitors.

Palumbo found in his 1962 study that "most of the countries (of the Pacific and Far East) are concerned primarily with the promotional aspects of tourism and little concern is given to improving the product of tourism".³ Our survey indicates considerable change has occurred in the interim, since agencies of other jurisdictions in those areas now report having some kind of system for improving the product or are developing proposals to begin such a system.

Planning and coordination are key words in stated goals about promotion and development. But coordination and planning are also separately stated goals in themselves. Agencies are making both long term and short term plans which include implications for both public and private activities. Improvements and the broadened scope of research and statistics necessarily have been accompanied by emphases on coordination and planning. Coordination of all agencies and groups involved is the "number one objective" of a provincial tourist department which is working towards a master plan for tourism.

Decision Making

Some successful visitor industries are coordinated by one overall agency dealing with the industry, others by communication between a number of related groups. A few examples will serve to demonstrate some of the current organizations of the industry.

Japan is an example of a highly organized system involving many public groups. The Tourism Basic Law of 1963 provides for development and dispersion of tourism facilities serving both domestic and foreign tourists in the country; establishes a major administrative role for the Department of Tourism of the Ministry of Transport; provides that a yearly report shall be made by government to the Diet which includes recommendations for any needed changes in the legislation; and establishes a Tourism Policy Council of thirty non-official civilians to reflect

³Dennis Palumbo, Government Participation in the Visitor Industry in Hawaii, University of Hawaii, Legislative Reference Bureau (Honolulu: University of Hawaii, 1962), p.5.

the views of private circles in tourist administration. The Policy Council works through staff in the Prime Minister's office who also work with the Inter-Ministerial Liaison Council on Tourism (a body consisting of Vice-Ministers of fourteen related government ministries which deal with some phases of the visitor industry). The government recognizes twenty "major" national quasi-official and private agencies dealing with tourism. Very important among them is the Japan National Tourist Organization which receives a large grant from the government for the promotion of tourism. The twenty agencies receive "guidance, support and supervision" from the Department of Tourism. Prefectural governments and branch offices of the Ministry of Transport coordinate, supervise and inspect related local and regional planning and implementation.

Israel also has a rapidly growing visitor industry, but its development is coordinated through a single Ministry of Tourism which was established in 1964. Previously tourism matters had been under the Prime Minister's Department. Administrative and planning matters in Israel often result from direct coordination of the two or more departments which are directly responsible for the immediate problem which requires solution. For example, the Tourism Ministry's newly organized Coasts Authority which will improve and develop beaches for recreational uses is working with other agencies on the problem of coastal pollution. Its Development Department works with the Ministry of Interior and other agencies which are responsible for development in making long and short range plans.

The Minister for Tourism has considerable authority to set policy in matters for which he is responsible. Powers to inspect and license personnel and facilities largely derive from a 1957 Commodities and Services (Control) Law which conferred upon ministers the right to declare services to be "controlled" when the services were essential to the public or necessary for the expansion of exports or to prevent profiteering and speculation. Since tourism did not become a full-fledged ministry until 1964, most of the Orders relating to tourism under the law became effective in 1965 and 1967. Standards of facilities are graded under these laws; and strict requirements are maintained for training and qualifications of personnel which include yearly refresher training. Advisory Councils and Examining Committees of the Department are comprised of Government and private-industry experts. In the usual case, government officials are in the majority. However, in each case, the relevant private business is represented.

Hong Kong has relatively little government control of tourism in comparison to Japan and Israel. The central agency for tourism is a quasi-governmental body which receives major support from government funds. Its members are private business firms and individuals in the visitor industry. Its board is appointed by the Governor and includes five members who have been nominated by their constituent branch of the visitor industry within the Association, the Deputy Economic Secretary in the area of planning, and five others who are usually from a branch of commerce.

The philosophy of the entire government is to interfere as little as possible with the free play of market forces and the investments of private enterprise. Thus, although the Association's objectives include promotion, development, improvement of standards and co-ordination of the visitor industry, policies for implementing the goals take a different form than in more centralized governments. The principal way in which standards are maintained is that the Board has power to expel members, and membership obtains many economic benefits under their system. Subsidiary legislation provides, for example, that members shall "employ for the purposes of their business only such guides as are registered as being affiliated to the Association."⁴ It is also an offense punishable by fine for individuals to display the Association's emblems without permission.

Development objectives of the Association are set from results of research. After research has indicated that addition of a facility would be desirable, a committee of the Association seeks to find an interested investor to develop it. Another Committee examines tourist guides; those who qualify are granted membership in the Association with associated benefits.

Switzerland has long been a leader in attracting visitors and in developing skills in service and accommodation through a multiplicity of voluntary associations and schools dealing with

⁴Hong Kong, Government Printer, Chapter 302, "Hong Kong Tourist Association Ordinance", Laws of Hong Kong (Subsidiary Legislation), Revised Edition 1967, p. A2.

different aspects of tourism.⁵ Experts feel that the loose voluntary basis by which tourism has historically been coordinated in Switzerland is uniquely suitable to the scenery, government and character of the people of that country and may not be duplicatable anywhere else.

There is no provision in the constitution for the federal government to put into force laws or regulations on tourism; they are the responsibility of the Cantons (States). However, the National Council provides funds to the Swiss National Tourist Office to promote all of Switzerland. Its approach is cooperation on a voluntary basis; but its materials do not describe where policies are determined within the organization.

Land and development planning which seems desirable to the Swiss National Tourist Office is not a part of their function. Proposals for conservation areas and land planning which are presently being considered by various levels of government will not be completely implemented throughout the country for several years since the legislative processes will require constitutional

⁵Ten tourist regions represent 180 local tourist offices. Public carriers are organized in four different federations and clubs; there are also associations of tourist offices' managers, spas, climactic health resorts, casinos, hotels, restaurant-hotel-cafe-keepers, hotel and restaurant employees, various mountaineering and skiing interests, and others interested in tourism. Several associations have been continuously in operation since the last decade of the nineteenth century. There are two major graduate schools in research and management of tourist and travel industries.

In addition to the SNT0, other large organizations play a major coordinating role: the Swiss Federation of Official Tourist Offices which was established in 1893 has a membership of 220 local organizations; and the Swiss Tourist Federation, "supported by the authorities and all associations and groupings interested in tourism," safeguards interests of the industry in the economic field and deals with tourist policy, aid to developing countries and projects of OECD.

amendments, and both national and cantonal legislative action.⁶
In the meantime, unwise development is only curtailed through
cautions of experts within the industry, or through laws of
Cantons or local governments.

⁶Thirtieth Annual Report of the Swiss National Tourist
Office, 1970 (Switzerland: [1971/]), pp. 2-6:

"The grounds for this feeling of alarm during January 1971...are many: certain individual resorts have been developed solely to cater for mechanized ski-tourists...resorts which have been designed to cater for a small section of the market only...deficiencies in planning to which we have repeatedly drawn attention here and elsewhere. Attempts to copy super 'resorts' with ski arenas, apartment 'tower blocks,' ski runs carved out by five bulldozers at once with corresponding leveling of the countryside...have not turned out to be a sound proposition...

"What do we want first and foremost for this country of tourism? The answer to this question is not to be found... with a few statistics...purporting to show growth forecasts... It is very much more relevant to start off from a policy of 'permanent utility,' a term taken from forestry, which the land conservation expert Herr Weiss quite rightly recommends should also be applied to tourist development...

"The conclusion of the year of this annual report for 1970 and the end of another decade is a suitable opportunity to attempt to answer the question as to how conservation areas are to be guaranteed by legislation and within the framework of the constitution. (Cited time schedules of proposed law.) This timetable must be regarded as disappointingly slow, even by the most fervant upholders of democracy...

"Looking around and seeing the many instances where our tourist regions have been despoiled is enough to cause the tourist trade to lead the voices raised in opposition. It is for that reason that the Swiss National Tourist Office has been an untiring supporter for many years past (since 1941) of the vital necessity for priority to be given to all measures aimed at giving legal protection to nature reserves and the life within them."

Canada has provided for promotion of tourism by one of its government departments since the 19th century. A Travel Industry Branch to analyze industry's needs and assist its development was added to the Office of Tourism in 1968. The Office currently is in a very large government Department of Industry, Trade and Commerce which resulted from a combination of two previous departments in 1969. The departments were merged in order to bring a more integrated approach to the development of industry, trade and tourism. The seven boards and advisory committees which are directly related to the Minister of the Department do not include any specifically related to tourism. The Office of Tourism represents only three blocks of thirty-seven on the departmental organizational chart.

Annual Travel Trade Congresses were begun in 1970 to bring together travel industry representatives from government and private industry of Canada and all its provinces. The first Congress recommended that tourism be made a separate ministry of the national government.

All of the provinces of Canada have government agencies for tourism which include provision for development and improvement of standards as well as promotion. In both provinces which communicated with us, the office for tourism had recently been upgraded from a division to a department of government. Close coordination and cooperation is maintained between the federal and provincial agencies partly through the mechanism of computer tapes for sharing information.

JURISDICTIONS WITHIN THE UNITED STATES

The Nation

Although states of the United States have had activities connected with tourism for varying lengths of time, the federal government did little to promote international tourism travel to and within its borders until the 1960's when the United States Travel Service was created within the Commerce Department. Recent steps have been taken to accelerate and strengthen its work.

In the 92nd Congress, a Subcommittee on Foreign Commerce and Tourism was created in the Senate Commerce Committee. The Subcommittee proposed major amendments to the Travel Act in 1970: the position of Director of the Travel Service was upgraded to

the status of Assistant Secretary of Commerce for Tourism; yearly authorizations for the service were more than tripled; matching grants were provided for tourism promotion projects; and a Travel Resources Review Commission was created to study tourism needs and resources of the United States for the next decade.

With the added facilitation of the revised and additional organizations, new goals have been enunciated in the areas of both promotion and development. One of these is that the federal office is to encourage the states and cities to become more involved in both marketing and unified development.

The States

Since the federal government has neither maintained controls nor offered inducements which would standardize the organization of visitor industries within the states, a fairly large variety is found in the ways states coordinate their industries. About two-thirds of state government tourism agencies are found in "development" divisions or departments. However, state tourist divisions are also operating within: publicity and information departments, highway departments, departments of local and community affairs, conservation departments, a department of natural resources, and parks and recreation departments. Three states operate tourist development agencies as separate units of their government. Nine reported that part of their tourism functions are located in more than one agency of their government.

Despite the diversity in structures, state governments are involved in many of the same functions relating to the visitor industry. All of the states have some provision for promotion or publicity of their tourist attractions. Most states have information and welcoming services in which they provide travel information as well as special interest information and answers to visitors' questions. Many states maintain historical exhibits, sponsor special events, and operate parks and recreation programs for the express purpose of serving the interests of interstate travelers as well as those of their own citizens. State agencies also maintain some level of coordination with various voluntary associations of the trade and with private firms. For an outline of the agencies of the states in the visitor industry and their functions, see Appendix E. Three state organizations are discussed below in order to illustrate ways of organizing government activities in the visitor industry. They are examples of states which have had noteworthy tourist growth through programs which met expressed needs of state residents.

Rhode Island has facilitated development of tourism through the restructuring of its Rhode Island Development Council. The Council's most important concerns are with business and industry and tourism. Recognizing a relatively slow growth in its economy, the state administration radically streamlined the organization of the Council in 1959 and added financial organizations to assist business financing. The Council has an Advisory Commission which consists of seven members appointed by the Governor with regard to their qualifications in the economic, industrial and physical development fields. The Recreational Building Authority (which parallels the Industrial Building Authority) checks the potential of clients and is authorized to issue mortgage guarantees to banks or financial institutions. Balances of investments can be provided by state funds when titles are held by a non-profit private organization, the Recreational Foundation of Rhode Island, until state funds have been repaid. The economic results of these changes have been noteworthy.

South Carolina includes its tourism program in its Department of Parks, Recreation and Tourism. Recreational planning is integrated for their residents as well as tourists from outside the state. A comprehensive recreation plan has been developed which increases and improves state parks, and includes recreational, nature and historical programs. They have education and award programs for beautification of areas; and they work with land owners, the financial community and developers to accelerate local tourism projects. Recent statistics of inter-state visitors show very high growth after the initiation of this approach.

Louisiana has focused its concern with the visitor industry in a Tourist Development Commission which coordinates its state policy. Membership of the Commission includes: the governor; the secretary of state; the director of the Department of Highways; the superintendent of State Police; the chairman of the State Parks and Recreation Commission; the director of the Department of Commerce and Industry; the director of the Department of Wildlife and Fisheries; and the comptroller. The Commission's other eight members represent different geographic districts and are appointed by the Governor from the visitor industry. The State reports growth of the visitor industry has accelerated since the Commission has been in operation.

In addition to coordination and planning at the statewide level, State support is given to local bodies whose work is in the interest of tourism. A unique special commission preserves the architecture of a one-hundred block area of New Orleans which has historical significance and attracts many tourists. Implementation of the Vieux Carre Commission required a state

constitutional amendment and special articles in the City Code. Membership of this Commission includes one from the Historical Society, one the State Museum, one from the Association of Commerce, three qualified architects, and three members at large. Before owners in the area can make any changes in the exteriors of buildings, they must submit a plan and request the permission of the Commission. The Commission makes recommendations to the Director of the Division of Regulatory Inspections who issues permits. Fines are imposed for violations.

CHAPTER VI

CONCERNS FOR THE FUTURE, A PROPOSAL FOR COORDINATION

The Need for Action-Oriented Policies

Our inquiry into coordination and human resource planning in the visitor industry shows that the industry is a worthy industry, well suited to preserve the quality of life, ethnic balance, and the natural environment associated with Hawaii. No other available industry can meet as successfully all these local conditions for a satisfactory economy.

In the matter of growth, we can no longer unsophisticatedly echo the frontier spirit of the 1845 American editor John L. O'Sullivan who, coining the phrase of America's 'manifest destiny' said, "the only healthy state of a nation is perpetual growth." Yet given both a growing labor force and changing world conditions, we must make satisfactory provisions for growth and the necessary job creation. While it is no longer true, if it ever was, that any kind of economic growth is progress and therefore good and desirable, nevertheless some degree of growth is to be expected, and it should be directed toward desirable ends: optimum utilization and distribution of resources and employment opportunities in both the short and long terms.

In order to achieve a desirable sort of growth through our visitor industry, it must be guided by an appropriate developmental policy and human resource planning. It has been argued that it is wrong to single out the visitor industry for special attention in policy making because the industry affects and is affected by the total community environment - physical and social.

This argument contains an element of truth which needs to be recognized and placed in proper perspective. The larger purpose of all State policy must be a good quality of life for residents. All policies addressed to narrower problems must be guided by this larger purpose. This much is true.

But it is illogical to conclude from this that the State and community should not give specific and sustained attention to the problems and prospects of an industry which forms such an important part of our economy and future expectations. Attention to the details and hard facts peculiar to the more important parts of our economy is essential if, as a State, we are to exercise any influence on the whole.

Decisions are being made daily in the visitor industry, and in government, which affect the industry and the community. They are often made without consideration of larger issues, and thus unconsciously, a de facto policy emerges from the totality of these decisions - a policy which would never have been consciously agreed to. The development of Waikiki is an example.

It is reasonable to believe that, had there existed a suitable mechanism for making the issues involved in these decisions, apparent to the decision-makers and to others affected by them, some of Waikiki's problems could have been avoided.

If this inquiry has uncovered anything, it has revealed the lack of coherent program and of communication and the resulting fragmentation of policy and implementation in the field. In fact this fragmentation was so pronounced that the question was seriously posed: "When is the industry going to act like an industry?" The question was obviously asked because of the lack of cohesion and the lack of consensus on many policies vitally affecting not only manpower but other aspects of the industry. Such lack of cohesion and consensus has allowed misconceptions about the industry to flourish, to be indecisively answered and to act generally as barriers to the needed action.

Such lack of local visitor industry cohesion is not unique to Hawaii. Chapter V of this inquiry, which surveys other states and governmental units, has indicated this. To overcome this weakness a United Nations Interregional Seminar on Tourism Development noted the need for separate and distinct visitor industry planning. It said:

As part of the general economic plan, a coherent national program for the tourist industry can be established. Since much depends on private initiative, the best programs are indicative and flexible: They take into account the various proposals and forecasts of the different private interests and ensure that the public part of the program dovetails in such a way as to form an integrated whole... Thus, a national tourism plan, devised in consultation with the tourist industry, acceptable to it, and widely understood, is probably

the single most important step that any country can take to ensure a balanced program of investment in the development of tourism.¹

While this was said in the context of national development, it is just as true for local development. In Hawaii the same importance of visitor industry planning and policy making was recognized by the Travel Industry Congress held in January, 1970, but because these findings were not fully implemented, the Manpower Commission raised the issue again in the 1971 Annual Report to the Governor and the Legislature. The annual report called for an agency within the Office of the Governor

"to ensure that State agencies and departments which affect tourism and development effectively implement State policy and to protect the public interest in long-range economic health, full employment, high standards of development, wholesome and pleasant environment, good ecological balance, open space, preservation of natural beauty, recreation facilities, good housing and convenient transportation."

Such an agency should provide for public participation. The best data and information must be available on a current basis. It should provide for communication and coordination between the various elements of the industry and the community which it affects. It should be an action-oriented Statewide visitor policy council.

A Visitor Industry Council

To help in the thinking about such an agency and to meet the problem of human resource planning in the visitor industry a series of meetings with various elements of the leaders of the industry were held on Oahu and the neighbor islands.² A coordination proposal crystallized from the meetings.

¹David H. Davis, "Potential for Tourism in Developing Countries" (Paper delivered at the United Nations Interregional Seminar on Tourism Development, Berne, Switzerland, October 21 - November 2, 1968). Mr. Davis is with the International Bank for Reconstruction and Development, Tourism Section. Underscore was added by the author of this chapter for emphasis.

²See Appendix for the list of participants.

In considering a proposal, the Commission was guided by the need to establish a mechanism for monitoring developments, developing consensus concerning goals and policies, and coordinating the implementation of objectives in the visitor industry. Such a mechanism would need to directly involve industry people and enlist their best knowledge and thinking. It would also need to have active participation by the State government at high levels, in order to benefit from the full planning and research capacities of the State, and to ensure coordination of State activities.

In the course of our inquiry, a fear was voiced that such a policy council would delay action on currently agreed upon programs pending new data collection. The primary function of such an action-oriented policy council would be to expedite action where there is already agreement that it is needed (for example, the proposals of the Waikiki Improvement Association as approved by the last Legislature).

Three structural possibilities were considered. The first possibility was restructuring the Hawaii Visitors Bureau by adding another element with research, policy forming, and coordinative functions. Such a change would require an amendment to allow State and county governmental officials to sit on the HVB board. For reasons best expressed by past HVB president Thomas Hamilton in Appendix D, it was felt by the Commission that the role of the Bureau should not be expanded.

The second possibility was the placing of an Office of Tourist Industry Coordination in the Department of Planning and Economic Development with a suitable advisory board. This proposal has been introduced from time to time in the Legislature and recognizes the current role performed by the Department in its relationship with the HVB. A variation of this approach would be to attach a visitor industry commission and staff to the DPED for purely organizational, housekeeping purposes, leaving this commission as free as it would be under the circumstances. While the Commission does not wish to preclude consideration by the Legislature of these types of structural relationship, it wishes to point out the need for the director of such an office to have access to all State department heads who are concerned with aspects of the visitor industry. An office located within one of the departments may unnecessarily limit the flexibility of both the director and the advisory council or board attached to it in performing its role. It is primarily for reasons of flexibility, then that the Commission feels the third model has the strongest advantages.

The third possibility, the establishing of the Office under the Governor is basically one put forth by the Travel Industry Congress, and is examined in detail in the following section.

Purpose and Structure of Proposed Visitor Industry Council

The purpose of a council is to provide a means whereby representatives of the visitor industry, of the public, of the counties and of the State can work together to propose public policy and coordinate policy implementation in the visitor industry of Hawaii. Such a council would have the duties and functions of:

1. Acting as a center for the exchange of information on all aspects of the visitor industry.
2. Monitoring visitor industry development, identifying public policy needs and defining industry goals.
3. Promoting the implementation of public policy affecting the visitor industry through various public and private channels.

To fulfill the purposes of this council, it should be a nineteen (19) member council, fifteen (15) to be appointed by the Governor. The Governor should appoint the (1) chairman of the council and the following council members: five (5) members representative of the visitor industry; three (3) members representative of the unions in the visitor industry; five (5) members representative of the public at large; and one (1) member representative of the Department of Planning and Economic Development. There should also be appointed four (4) county representatives, one from each county nominated by the mayor of the county.

Duties:

1. Improve communication within the total industry, between industry and government, and with the public on developments in the visitor industry and their implications for the general welfare.
2. Encourage industry cooperation on supplying adequate and reliable data for the use of industry and the government.

3. Strengthen cooperation between industry and educational and training institutions for:
 - a. Curriculum planning and program implementation geared to actual employment practices.
 - b. Realistic counseling on jobs and career opportunities.
 - c. Most appropriate arrangements for instruction.
4. Carry out any other limited objectives connected with the recommendations of the Governor's Travel Industry Congress of 1970 which may seem timely in the judgment of the Council.
5. Submit an annual report with recommendations to the Governor and Legislature.

Method of Work:

1. The council shall employ and fix the compensation of a coordinator-director, and may employ a secretary and other such personnel as it deems advisable.
2. It shall call upon the various departments of government for information, assistance, or assigned services as needed.
3. The council may administer funds allocated for its work and may accept, disburse and allocate funds which may become available from other governmental and private sources as allocated in compliance with the objectives set forth herein, and applicable laws.

The coordinator-director of the council should make recommendations and plans and carry out activities and programs consistent with the purposes of the council.

Future Perspective

In relation to the future, an analogy can be made between the visitor industry and the previous leading industry, agriculture.

Island plantation workers, who were formerly regarded as extremely low paid are now among the highest paid agricultural

employees in the world. As these workers' conditions were improving, so was the agriculture employer group, some of whom are now among the largest, most successful business enterprises in the U.S. There is no reason to believe that the same cannot develop in the Hawaii hotel and travel industry, given appropriate policy, encouragement and goodwill.

In 1970, Hawaii's top 20 resort hotels were already nationally recognized for their ability to maintain leading management performance. Many of these hotels, including units of powerful national hotel chains and the large independents, are among the most efficient, prosperous and successful operations in the entire nation.³

Given this picture of advancement and business know-how, and given the appropriate policies statewide, there is no reason why the Hawaii visitor industry cannot be historically as successful for management and labor and the people of the state as agriculture. This need not be at the expense of agriculture, which has done so much to sustain the green, open environment which visitors cherish. The uniqueness of our islands as a visitors' destination point, if right policies are adopted to preserve it, are non-duplicatable and non-exportable. And unlike agriculture, travel as a service industry is not subject in precisely the same way to the competitive pressures of the world market. While price and costs are travel determinants, more so is beauty and uniqueness and good feeling. In the ancient Hawaiian tradition of the Puuhomua⁴, our islands can be a 'natural lung' refuge for all those who wish to visit here to temporarily escape pollution and tensions of urbanization.

Recognizing this potential future there is no reason why the visitor industry, if the proper practices are adopted, cannot continue to provide for a long time to come a beautiful temporary refuge, a Puuhomua for visitors, a strong economic component for the entire State, a good and rising living standard for all those who participate in it and through it all preserve our historic Hawaiian heritage - for in the end the preservation of that heritage will make the whole endeavor both possible and worthwhile.

³Trends in the Hotel, Motel Business, 35th Annual Review, Harris, Kerr, Forster & Co. (1971).

⁴Interview with Ka'upena Wong, Production Manager, Instructional Materials, Castle Memorial Hall, November 1971.

APPENDIXES

APPENDIX A

LIST OF PARTICIPANTS

Representatives of both industry and government were interviewed as resource persons for this inquiry. (The transcripts are available at the Commission for future use by researchers.) We are indebted to the following people for sharing their time and knowledge with us.

Hotel

Richard Handl
Kahala Hilton

Randolph Lee
Halekulani

Robert Rinker
Hawaii Hotel Association

Planning

Robert Way
City Planning

Ah Sung Leong
Land Use Commission

Wallace Kim
Department of Land and
Natural Resources

Donald Bremner
Waikiki Improvement Association

Chamber of Commerce
Visitor Industry Committee

Social Impact

A. Gavan Daws
University of Hawaii

Andrew Lind
Professor Emeritus
University of Hawaii

Transportation

Owen Miyamoto
Department of Transportation
Airports Division

Shota Sakai
Department of Transportation
Visitor Information Program

Melvin Ishihara
Public Utilities Commission

Philip Thayer
McKenzie Tours

Edward Bond
Hawaii Sightseeing Association

Training

Thomas Rohr
Pacific Training Council

Richard Tam
Hotel and Restaurant Workers
Local 5, AFL-CIO

Alan Moon
Unity House

Economic Implications

Wesley Hillendahl
Bank of Hawaii

Walter Miklius
Economic Research Center

Louis J. Crampon
School of Travel
Industry Management

William Summers Johnson
Department of Finance
City and County of Honolulu

George Kanahele
Hawaii Corporation

Thomas Hitch
First Hawaiian Bank

We are also indebted to others who attended our island meetings to provide additional information and criticism. They are listed by island as follows:

Oahu

October 12, 1971

Robert Mark
Hilton Hawaiian Village

Richard Tam
Hotel and Restaurant Workers

Randolph Lee
Halekulani Hotel

Jack Simpson
Hawaii Visitors Bureau

Richard Hashimoto
Sheraton - Hawaii Corporation

Donald Bremner
Waikiki Improvement Association

Robert Rinker
Hawaii Hotel Association

Roy Warren
Hawaiian Trust Company, Ltd.

October 13, 1971

Jerome Andrade
Hawaii Restaurant Association

James Goodwin
United Airlines

Eddie Tangen
ILWU

Thomas Rohr
Pacific Training Council

Robert Herkes
Interisland Resorts, Ltd.

E. E. Swofford
Pan American World Airways

(Appendix A)

Oahu

October 26, 1971

George Ariyoshi
Lieutenant Governor

Philip Thayer
MacKenzie Tours

Eugene Cotter
MacKenzie Tours

Roy Brandt
Island Holidays, Ltd.

Robert Herkes
Interisland Resorts, Ltd.

Thomas Rohr
Pacific Training Council

John Brogan
Sheraton Waikiki

Eddie Tangen
ILWU

Donald Bremner
Waikiki Improvement Association

Randy Lee
Halekulani Hotel

John McGuigan
Hilton Hotels

Robert Maynard
Hawaii Restaurant Association

Robert Holden
Sheraton Corporation

Dudley Child
Interisland Resorts, Ltd.

(Appendix A)

Jim Kirchhofer
Lieutenant Governor's Office

Richard Tam
Hotel and Restaurant Workers
Local 5, AFL-CIO

Robert Rinker
Hawaii Hotel Association

Kona, Hawaii

October 14, 1971

Casey Tanimoto
Hawaii State Employment Service

Bruce Tegman
Mauna Kea Beach Hotel

Fred Kobayashi
State Department of Labor

M. W. Cummings
King Kamehameha Hotel

Fred Honda
Keauhou Beach Hotel

Dieter Seeger
Kona Hilton Hotel

Hilo, Hawaii

October 14, 1971

Roy Kagawa
Hawaii State Employment Service

Mitsugu Sumada
Hawaii Community College

Bill Vannatta
Grayline - Hilo

Charles Kamaka
Slim Holt Budget Rent-A-Car

George Age
Hawaii Island Chamber
of Commerce

Mary Olival
Trade Wind Tours

Gene Wilhelm
Hawaii Visitors Bureau

Anthony Veriato
ILWU - Hawaii Division

Alfred Goto
Hawaii Community College

Keith Kimi
Hilo Bay Hotel

Bill Kimi, Jr.
Hilo Bay Hotel

John Farias
Department of Economic
Development

Marvin Iida
Department of Economic
Development

(Appendix A)

Kauai

October 19, 1971

Ben Asakura
Kauai County Office of
Economic Development

Stanley Igawa
Big Save, Inc.

Bob Yamamoto
State Employment Service

Kiyoshi Sasaki
Universal Tour and
Travel Service

Wolfgang Schuman
Hanalei Plantation

Satoru Takamiya
Aloha Airlines

Lelan Nishek
ILWU - Kauai Division

William Gibson
Wailua Country Club, Inc.

Noboru Yamane
Hawaiian Airlines

Tony Medeiros
Hertz Rent-A-Car

L. T. Cannon
Top To Toe, Ltd.

William Smith
Urbatek Systems, Inc.

Glenn Lovejoy
Kauai Surf

John Gilruth
Grayline - Kauai

Fred Nenow
Kauai Chamber of Commerce

Dutch Good
Kilauea Sugar Company, Ltd.

Jack Harter
Hawaii Helicopters International

Joe Vegas
Urbatek Systems, Inc.

Edward Morita
County Manpower Commission

Chris Chang
Kauai Resort

Kenso Takanishi
Vocational Rehabilitation
Division

Chuck Haffner
Dynalectron

Harold Lehman
Kauai Sands

Walter Smith, Jr.
Smith's Motor Boat Service

Maile Semitekol
Hawaii Visitors Bureau

In addition, the staff of the following agencies and organizations were consulted: the County Departments of Economic Development, Department of Labor and Industrial Relations, Department of Education, Hawaii Restaurant Association, Hawaii Visitors Bureau, Legislative Reference Bureau, Office of Manpower Development and Training, and School of Travel Industry Management.

(Appendix A)

APPENDIX B

THE DATA PROBLEM by Thomas Hale Hamilton

A man's reasoning process may indeed be impeccable, but if the data with which he works are inaccurate or inadequate, his conclusions will be as much in error as if the reasoning were unsound.

The world over there is a paucity of sound data on tourism. Even a definition of what is a tourist is not universally accepted, and the simple counting of them is subject to considerable error.

It has been said that Hawaii has the best tourist data in the world. Viewed in the context of the deplorable world situation in this connection it is likely this is true, but the fact remains that many of the data with which we must work are suspect on one count or the other, and inasmuch as these are the only data on which this study can be based, it seems wise at this point to outline the questionable nature of some of these figures which are so widely used.

THE VISITOR COUNT

Since 1922, except for the war years when the visitor industry was suspended, the Hawaii Visitors Bureau has been reporting the number of visitors staying overnight or longer both westbound and eastbound.

Of the two differently bound visitors, undoubtedly the data on the westbound visitors are the more correct. Since October 1950 the HVB has operated a basic data program. Until 1957 it was actually conducted by a service agency in Honolulu under the direction of the Research Committee of the Bureau, but in early 1957 the Bureau established its own Research Department.¹

Basic to this program is the passenger information form which is attached to the baggage declaration form of the Hawaii State

¹Evelyn Richardson, "Basic Data Program," The Fundamentals of Travel Research (San Francisco: Pacific Area Travel Association), 1970.

Department of Agriculture.² During the early years of its use, the Department of Agriculture required all passengers to fill this out and thus a very high percentage of those arriving completed the HVB form. These figures are then compared with the monthly carrier reports as to the number of passengers they have carried in and out of the State. When these two are compared all the passengers arriving in Hawaii on westbound sailings and flights are accounted for. Thus it is likely that in the years between 1951 and the early 1960's the figures are accurate. But at that time and subsequently some difficulties began to emerge in gathering these data. The problem was with the growth in number of those who did not fill out the form. The unsurveyed group accounted for only 5.4 percent of the westbound passengers in 1955, and 12.0 in 1960, but by 1966 reached 25.9 percent. The problem became especially acute early in 1970 when the Department of Agriculture informed the carriers that only passengers with agricultural contraband need return their forms. Although most carriers agreed to continue collecting all forms on a voluntary basis, the number and percentage of blank or uncollected forms inevitably turned sharply upward.

In the earlier part of this period HVB analysts could realistically assume that the small fraction of non-response was largely made up of intransit passengers who could, for all practical purposes, be ignored. As this unsurveyed group became larger inching toward 30 percent, it was obvious that this was no longer producing accurate data.

The HVB Research Staff and Research Committee accordingly agreed that passenger statistics issued by the Bureau should hereafter make allowance for non-response, and that an adjusted series going back as far as data permitted should be published to provide a more accurate reflection of trends. Procedures for separating out the known numbers of intransit passengers and distributing the others on the basis of actual response were devised and applied to data going back to 1964.

The resulting revisions differ from the estimates in earlier HVB reports, the number of visitors, intended and returning residents have been adjusted upward to a significant extent. The table on the following page shows by those years the adjusted total figures as related to those earlier published.

²See Attachment A.

(Appendix B)

Attachment A
STATE OF HAWAII
OFFICIAL AGRICULTURAL DECLARATION

I HAVE THE FOLLOWING ON THIS TRIP:

- ☐ Plants
☐ Cuttings
☐ Bulbs, seeds, nuts
☐ Flowers or Fruits
☐ Corn on cob
☐ Radish, turnips

- ☐ Other Vegetables
☐ Soil, peat, etc.
☐ Live snakes
☐ Other reptile
☐ Birds (live)
☐ Dogs

- ☐ Cats
☐ Other animals
☐ Cultures of Microorganisms

Describe item

This declaration is required by law to be filed by each person with plants and restricted materials. Authority for the requirement of this declaration is set forth on the reverse side of this Form.

IF YOU DO NOT HAVE plant materials, animals, cultures, soil or items listed, please disregard the top portion of this form. (All luggage may be opened for inspection upon arrival)

NOTICE



All above items checked must be submitted to the Quarantine Inspector before removal from airport or ship (Honolulu Agriculture Office located between Gates 12 & 13) (at Hilo—in terminal building)

PENALTY



VIOLATORS OF THE LAW (Defacing form, failure to declare, etc.) shall be fined not more than \$500 or imprisoned not more than six months or both.

Mr. Mrs. Miss
(PLEASE WRITE LEGIBLY)

While in Hawaii my address will be
(NUMBER AND STREET OR NAME OF HOTEL)

Airline Flight No. Date of Arrival

or Ship Name Flight No. Date of Arrival

PLEASE RETURN ALL FORMS TO THE CABIN ATTENDANT

HAWAII VISITORS BUREAU—VOLUNTARY AND CONFIDENTIAL
FOR STATISTICAL USE ONLY

(Mr. Mrs. Miss)
(PLEASE WRITE LEGIBLY)

My present home address is:
(NUMBER AND STREET) (CITY) (STATE OR NATION) (ZIP CODE)

I am:

- 1 ☐ Visitor destined to Hawaii
2 ☐ Returning resident
(I have been away from Hawaii for days.)
3 ☐ Intended resident
4 ☐ Traveling beyond Hawaii to:
1 ☐ Around the world
2 ☐ Australia
3 ☐ New Zealand
4 ☐ Other Pacific areas:
.....
(SPECIFY)
5 ☐ Japan
6 ☐ Hong Kong
7 ☐ Philippines
8 ☐ Other Asia:
.....
(SPECIFY)
9 ☐ Other destinations:
.....
(SPECIFY)

Altogether I will be in the Hawaiian Islands:

- 1 Days
(NUMBER)
2 A few hours
(SPECIFY)

I plan to leave Hawaii on:

Date:

I am making my trip to Hawaii (1ST, 2ND, ETC.)

The purpose of my trip is:

- 1 ☐ Pleasure
2 ☐ Business
3 ☐ Business & Pleasure
4 ☐ Government - Military
5 ☐ Visit Relatives
6 ☐ Attend School
7 ☐ Convention
8 ☐ Other
.....
(SPECIFY)

I am traveling:

- 1 ☐ As a member of an organized tour group
Name of group
2 ☐ On an individually arranged basis

I plan to stay in a:

- 1 ☐ Hotel or Apartment-Hotel
2 ☐ Rented home or apartment
3 ☐ Friend's or relative's home
4 ☐ Other accommodations

My occupation is:

- 1 ☐ Professional and technical
2 ☐ Business, managerial, official
3 ☐ Clerical, office, sales
4 ☐ Military service
5 ☐ Other employed
6 ☐ Military dependent
7 ☐ Retired
8 ☐ Student
9 ☐ Other non-employed

I am a:

☐ MALE ☐ FEMALE

whose age is:

- | | MALES | FEMALES |
|-------------------------------------|-------|---------|
| 1 <input type="checkbox"/> Under 10 | | |
| 2 <input type="checkbox"/> 10 - 19 | | |
| 3 <input type="checkbox"/> 20 - 29 | | |
| 4 <input type="checkbox"/> 30 - 39 | | |
| 5 <input type="checkbox"/> 40 - 49 | | |
| 6 <input type="checkbox"/> 50 - 59 | | |
| 7 <input type="checkbox"/> 60 + | | |

The total number of persons (including myself) covered by this form is:
NUMBER

I plan to visit:
Islands = of Days
1 ☐ Oahu (Honolulu & Waikiki)
2 ☐ Kauai
3 ☐ Maui
4 ☐ Hawaii

PREVIOUSLY REPORTED AND ADJUSTED NUMBER OF VISITORS
BY YEAR 1964 - 1970

<u>Year</u>	<u>Published</u>	<u>Adjusted</u>
1964	508,870	563,925
1965	606,010	686,928
1966	710,580	835,456
1967	1,001,810	1,124,818
1968	1,209,417	1,314,571
1969	1,369,058	1,527,012
1970	1,595,540	1,798,591

With this revision it seems likely that one can have reasonable confidence in the statistics on westbound visitors since 1964.

The eastbound visitor problem is complicated by the fact that there is no basic data form even on a voluntary basis. The entrance procedures, of course, are federally controlled and thus beyond the state's jurisdiction. Thus the figure given for eastbound visitors is simply the disembarking passengers provided by the carriers. How many disembark and proceed immediately to the Mainland without staying overnight is not known, although it is thought that the percentage is approximately forty.

In spite of certain reservations cited above, with the adjustment that has been made in the westbound visitor count, it seems likely that the overnight and longer visitor count is accurate with a possible error of not more than 5 percent.

LENGTH OF STAY

Another very important datum is the length of stay. It is obvious, for example, that if the number of visitors were to remain constant but the average length of stay go down, great parts of the industry would be affected, particularly hotels. To illustrate this, in 1970 the number of visitors increased by 17.8 percent but length of stay went down to the point where this increase resulted in only slightly more than a 2 percent increase in room nights.

The length of stay for westbound visitors is determined by the response on the Basic Data Form where each visitor is asked

(Appendix B)

to indicate his intended length of stay. This is later checked as a part of the visitor reaction survey, and it has been discovered that there is an almost perfect correlation between the length of days intended and the number of days reported as having stayed after returning home. Thus the length of stay on west-bound visitors is sound and can be used with confidence.³

There simply exist no data on the length of stay of east-bound visitors except for the R and R visitors. Since no data are gathered on the airplane one simply has to make some assumptions about the eastbound visitors. The assumption which is usually made is that the average length of stay of the eastbound visitor is five days, but no one knows for certain whether this is really the case.

It is obvious in this connection, as well as in others, that some method of discovering information on our eastbound visitors is necessary. In former years they represented such a small portion of the market that they could be ignored, but this is no longer the case. The Japanese market is now accounting for about 10 percent of the visitors to Hawaii and gives promise of growing.

VISITOR EXPENDITURES

Among the weaker of the data involved in the visitor industry are those relating to visitor expenditures. The last study done was published in 1967 and was based on research done in 1965 and 1966.⁴

The method used in arriving at these data was that of an in-depth interview conducted at hotels with the hotels stratified to yield a high income expenditure pattern, an upper middle income expenditure pattern, a middle income expenditure pattern and a lower middle income expenditure pattern. The questions were so worded as to provide information as to the percentage of the tourist dollar which was spent on lodging, night club expense, food, liquor, clothing, ground transportation, other entertainment, gifts and souvenirs, photo supplies, beauty and barber

³However, another study should be done to see that this high correlation remains.

⁴"Survey of Visitor Expenditure Patterns in Hawaii" (Hawaii Visitors Bureau Research Committee, August, 1967). (Mimeographed)

service and all other. The average total for all visitors was \$37.23 per day and this is the figure used in computing visitor expenditures in the State year by year.

There are a number of weaknesses in this method of computation.

1. The data are now some six years old and during those six years prices have increased remarkably. One can of course increase the figures by percentage from a national index, but there is no assurance that the price of goods and services purchased by visitors has risen at the same rate as is true for all goods and services nationwide.
2. The study only applies to Oahu. Yet of necessity it is used for expenditures throughout the State. There is no evidence that the visitor expenditure pattern on the Neighbor Islands is the same as it is on Oahu.
3. Again there is no significant inclusion of visitor expenditures by the Japanese, and increasingly this becomes a major factor in Hawaii's visitor industry.

All of this should make it clear that a new, well-done, statewide visitor expenditure study is needed badly. Costly as it will be to have done, it will be worthwhile in terms of the wide use to which such data are put.

VISITOR REACTION

Each day questionnaires are sent to twenty-five visitors known to have returned to their homes.⁵ These are accompanied by a letter from the Governor. Probably as a result of this a 50 percent return is received which is unusually high for this kind of a survey. The questions are designed to reveal information on reactions to the Hawaii experience, hotel satisfaction, carrier satisfaction, restaurants, sight-seeing tours, car rentals, taxis, bus service, night clubs, shops and stores, tourist information, beaches, water sports, luaus, spectator sports, cultural activities, travel agents and tours, sources of information of

⁵See Attachment B.
(Appendix B)

Attachment B



EXECUTIVE CHAMBERS

HONOLULU

JOHN A. BURNS
GOVERNOR

The people of Hawaii wish to thank you for visiting the 50th State. We sincerely hope you enjoyed your stay with us.


On your recent trip to Hawaii you were kind enough to fill out the State Department of Agriculture's baggage declaration form which also included the Hawaii Visitors Bureau questionnaire. Your form was drawn at random from among several thousand forms received at the Hawaii Visitors Bureau so that I might write this letter to you.

We do our best in Hawaii to make sure that each visitor's stay is as enjoyable as possible. The only way we can measure our success in this effort is to find out how people feel about the Islands after they leave.

May I ask you to complete the enclosed questionnaire? We want to identify those things which added to your satisfaction or those things which detracted from it. Since your questionnaire is anonymous, I hope you will give us your very frank opinion.

Please return your questionnaire to the Hawaii Visitors Bureau. A self-addressed postage free envelope is enclosed for your convenience.

Mahalo and Aloha,


JOHN A. BURNS
GOVERNOR OF HAWAII

(Appendix B)



HAWAII VISITORS BUREAU

Visitor Opinion Survey

VOLUNTARY AND ANONYMOUS

*Let's Start at
the Beginning...*
We'd like to hear about
how you planned for
your trip to Hawaii.

1. Did you make any of the arrangements for transportation or accommodations through a travel agent?

☐ Yes ☐ No (Please skip to Question 2.)

1A. How would you describe your satisfaction with the service of the travel agent?

☐ Completely satisfied ☐ Fairly satisfied ☐ Not at all satisfied

2. Was your trip to Hawaii a prepaid package tour? ☐ Yes ☐ No ☐ Partly

2A. If your trip was prepaid or partly prepaid, what was included in the cost?

OAHU (Honolulu & Waikiki)

☐ Carrier Fare
☐ Lodging
☐ Food

☐ Sightseeing
☐ Entertainment
☐ Ground Transportation

NEIGHBOR ISLANDS

☐ Inter-Island Air Fare
☐ Lodging
☐ Food

☐ Sightseeing
☐ Entertainment
☐ Ground Transportation

3. If you made arrangements for yourself, rather than through a travel agent, what were the sources that you relied on for information about Hawaii or about your travel to Hawaii?

☐ My own experience
☐ An airline or
steamship company

☐ A guide book
☐ Magazine and
newspaper articles

☐ Friends or relatives
☐ Other

.....
(please specify)

4. What carrier did you use on your trip FROM the West Coast to Hawaii?

Name of Carrier.....

4A. How would you rate your carrier service?

5
Excellent

4
Above
Average

3
Average

2
Below
Average

1
Poor

5. What carrier did you use on your trip back TO the Mainland?

Name of Carrier.....

5A. How would you rate your carrier service?

5
Excellent

4
Above
Average

3
Average

2
Below
Average

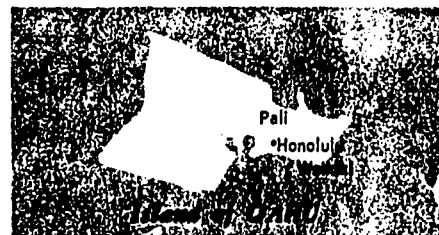
1
Poor

Comments or Suggestions:.....

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About Your Stay On OAHU..



ACCOMMODATIONS

6. Did you stay in hotels or apartment-hotels on Oahu? ☐ Yes ☐ No

6A. Please list the hotels or apartment-hotels and rate their quality.

	Excellent	Above Average	Average	Below Average	Poor
1.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments or Suggestions:

.....

.....

SERVICES

7. How would you rate the various services provided you on Oahu?

	Excellent	Above Average	Average	Below Average	Poor
Restaurants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sightseeing Tours	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
U-Drive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taxi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bus Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Night Clubs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shops & Stores	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tourist Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments or Suggestions:

.....

.....

RECREATIONAL AND ENTERTAINMENT FACILITIES

8. How would you rate the various recreational and entertainment facilities on Oahu?

	Excellent	Above Average	Average	Below Average	Poor
Beach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Water Sports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Golf	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fishing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Luau	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spectator Sports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cultural Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments or Suggestions:

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.....

(Appendix B)

And The NEIGHBOR Islands



9. Did you visit one or more of our Neighbor Islands? ☐ Yes ☐ No

(If your answer is NO, please skip to the next page.)

9A. Did you fly directly from the mainland to Hilo? ☐ Yes ☐ No

10. Where did you make the arrangement for your trip to the Neighbor Islands?

- ☐ With a travel agent before leaving for Hawaii. ☐ With a travel agent after arrival in Hawaii.
☐ With the airline before leaving for Hawaii. ☐ On my own after arrival in Hawaii.

11. I visited the following Neighbor Islands:

- ☐ Hawaiidays
 ("The Big Island")
☐ Mauidays
☐ Molokaidays
☐ Kauaidays
☐ One day ALL ISLANDS tour

CARRIERS

12. How would you rate your airline service to the Neighbor Islands?

	Excellent	Above Average	Average	Below Average	Poor
Hawaiian Air Lines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Aloha Air Lines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other..... (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments or Suggestions:.....

ACCOMMODATIONS

13. Did you stay in Neighbor Islands hotels, apartment-hotels? ☐ Yes ☐ No

13A. Please list the hotels or apartment-hotels and rate their quality.

	Excellent	Above Average	Average	Below Average	Poor
1).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments or Suggestions:.....

SERVICES AND RECREATIONAL FACILITIES

14. How would you rate the various services and recreational facilities provided you on the Neighbor Islands?

	Excellent	Above Average	Average	Below Average	Poor		Excellent	Above Average	Average	Below Average	Poor
Sightseeing Tours	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	93	Golf	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
U-Drive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Beach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Restaurants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Fishing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shops & Stores	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>						

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And Finally, Your General Impressions And A Few Things About Yourself



15. How would you rate the Hawaiian Islands compared with other vacation places you have visited?

Hawaiian Islands
are far superior

☐

Above
Average

☐

Average

☐

Below
Average

☐

Hawaiian Islands
are quite inferior

☐

Comments or Suggestions:

16. How has your visit compared with the expectations you had for the Hawaiian Islands?

Far exceeded my
expectations

☐

Better than
I expected

☐

About what
I expected

☐

Somewhat
Disappointing

☐

Very
Disappointing

☐

If your trip to Hawaii did not live up to your expectation, will you tell us what disappointed you?

17. I left Hawaii to return home on
(month) (day) (year)

18. My length of stay in the State of Hawaii wasdays.

19. As best you can remember, how much did you spend during your stay *in* Hawaii (not including your transportation expenses to and from the mainland)? \$..... Including yourself, how many persons does this expenditure cover?Adults;Children under 12.
(number) (number)

20. Would you indicate your highest level of educational training?

☐ High school graduate

☐ College graduate

☐ Attended college but did not graduate

☐ Post graduate work

21. Marital Status: ☐ Married ☐ Single ☐ Widowed ☐ Divorced

22. Family income before taxes:

☐ Under \$5,000

☐ \$10,000—\$14,999

☐ \$ 5,000—\$ 7,499

☐ \$15,000—\$24,999

☐ \$ 7,500—\$ 9,999

☐ \$25,000 and over

23. What magazines do you read most regularly?

.....
.....

.....
.....

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Hawaii, package tours, number of persons in party, number of trips to Hawaii, purpose of trip, age, marital status, occupation, education, family income, margin of response, magazine preference, Neighbor Island trips and length of stay. It will be noted that some of these items duplicate those reported on the Basic Data Form, thereby providing an opportunity to check on the accuracy of intentions related to actual performance.

Within the limits posed by the nature of the questions, it would seem the data coming from the visitor reaction survey could be used with confidence. Certainly the return is large enough, and there is no evidence that those who had a good experience are more apt to respond than those who did not.

The important thing to remember is what the data do not establish. It is a very useful survey for longitudinal analysis in Hawaii. For example, have our visitors become more or less satisfied with their hotels? But it is not really useful in comparing the Hawaii experience with that of other tourist destination areas. For example, in the year 1970, 61.4 percent of our visitors found their Hawaiian experience better than expected or far exceeding expectations.⁶ But there is no way of knowing that this would not also be true of visitors to the Bahamas or Jamaica. Thus this is an instrument of limited use in comparing the quality of the Hawaiian experience with that of other tourist destination areas.

Parenthetically there are remarkably few studies which try to get at this problem of comparative judgments of visitor destination areas. One exception is the study made by the Pacific Area Travel Association which did get comparisons on 23 destination areas in the Pacific. Incidentally on almost all items Hawaii ranked very high, but again comparisons in this area are not too useful for the Hawaiian experience is difficult to equate with that of Japan, Hong Kong, Viet Nam, et cetera.

⁶Evelyn K. Richardson, Visitor Reaction Survey, 1970.
(Hawaii Visitors Bureau, 1971).
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VISITOR PLANT INVENTORY

Every four months the HVB issues a Visitor Plant Inventory. This series goes back to 1965. In some detail, by islands, these reports indicate the number of existing units, planned additional units, the announced completion dates for planned additional units for a three-year period, then those that have been announced but no date indicated. The data for existing units, since these are actually physically in being, are solid and can be used without fear. One has to be suspicious of the projections, however, and the greater distance in the future the increment is planned, the more suspicion needs to be attached to it. Those that are listed under no date need to be approached with tremendous caution.

There are several reasons why the projections must be viewed warily. First, it is impossible always to determine just how serious a proposed project is. On occasion a press conference announcing a new hotel development is more of an effort to interest someone in joining in financing than it is a statement of solid plan. Second, the situation changes. For example, developers are frequently too optimistic about completion dates, and thus many projected for completion in 1971 will actually not come into the inventory until 1972. Finally, as the condition of the industry changes from time to time, there are changes in plans. For example, the softening of the market which began in April of 1969 caused a number of individuals and corporations who had not made a final commitment to decide not to build. In June of 1969, for example, the Bureau projected that there would be 47,836 rooms in Hawaii by the end of 1971. The latest estimate (June 1971) is 36,163.

MARKETING DATA

In general the marketing data, which are of prime importance as far as HVB is concerned, are good. Even the reduced response of recent years on the Basic Data Form still leaves a large enough percentage of the total filling them out as to provide accurate information on those items of particular interest to those who must market tourism to Hawaii.

Again, however, the great void is lack of data on eastbound passengers. If the State of Hawaii is going to successfully compete in the Japanese market, this deficiency must be remedied.

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PROJECTIONS

If one has to be somewhat skeptical about some of the data which allegedly reports that which happened in the past, he must increase that skepticism almost to the nth degree when dealing with projections of future developments in the visitor industry.

In 1969 the state statistician prepared a paper dealing with this problem.⁷ Several paragraphs from that paper need to be quoted:

"Forty-one separate series of forecasts have been prepared by reputable authorities and published in the post-World War II period. This total excludes projections made by consultants for private clients and never published, forecasts issued in the newspaper interviews or after-dinner speeches without any purposes. The first twenty, released between 1948 and 1962, were compiled and published by the Department of Planning and Research in the latter year.⁸ The other 21 are summarized in the bibliography in Part III of the present report.

"Forecasts published between 1948 and 1963 for dates at least five years from the base year did not meet with great success. Average forecasting 'error', signs disregarded, was 24.0 percent for 15 forecasts of overnight visitors, 26.9 percent for nine visitor expenditure forecasts, and 14.9 percent for eight hotel room forecasts. Two of the visitor forecasts and two on visitor expenditures exceeded 50 percent.

"Underestimates outnumbered overestimates by a wide margin. Only one out of 15 visitor forecasts exceeded the actual total, only two of the nine for visitor expenditures, and only one of the eight on hotel units.

"Reviewing the performance of earlier projections provides little methodological insight. For many studies no method is indicated; in such instances the projections are presumably judgmental and unsupported by systematic statistical analysis.

⁷Robert C. Schmitt, "Forecasting Tourism in Hawaii" (Paper delivered at the Hawaii Chapter of the American Statistical Association, Honolulu, Hawaii, October 2, 1969).

⁸"Visitor and Hotel Room Projections for Hawaii, 1948-1980" (Department of Planning and Research, State of Hawaii, Research Report No. 29, August 2, 1962). (Mimeographed)

In others, including some of the most successful (such as the projection prepared by the Hawaii Visitors Bureau in 1960), a free-hand curve was fitted by inspection to past data and extrapolated in some unexplained but non-mathematical fashion. At least two series - one by the State Planning Office and another by John Child and Company - relied on multiple regression analysis of annual data on tourism and related variables. Forecasting accuracy was seldom correlated with methodological sophistication in these earlier studies."

HOTEL OCCUPANCY

Of all of the data relevant to studies of the visitor industry in Hawaii, none is weaker than that having to do with hotel occupancy. In fact the method of collecting these data are so poor that it seems unwise to place much confidence in the results.

On the Neighbor Islands the occupancy figures are procured by the local manager for the Hawaii Visitors Bureau. This is done by telephoning all of the properties in the State and inquiring as to occupancy during the previous week. There is no way, however, of knowing whether a true answer is given, nor are there strict definitions. For example, some owners will report a complimentary room as a part of his occupancy, while others will not. While there is no intention to mislead, the information is sometimes provided by an employee of the hotel who may not understand the problem or its importance. Nor are rooms which are out of service due to redecoration treated consistently.

On the island of Oahu the statistics are gathered by the Hawaii Hotel Association. Until June of 1970, these figures were procured by telephone survey. Again no one could be certain that accurate information was forthcoming. For example, it seems unlikely that some hotels would consistently have 100 percent occupancy. Nor were there ground rules established as far as definitions were concerned.

In June of 1970 the Hawaii Hotel Association started to utilize a new way of getting these figures. A form containing rather more detail than had previously been used is provided each hotel manager. He is then supposed to report it without identifying the hotel. The Hotel Association then forwards it to Peat, Marwick and Mitchell for analysis and the hotel occupancy rates for various kinds of hotels. The principle problem here is that so many of the very large properties have refused to participate in the program, saying

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that even though the questionnaire is anonymous, it is impossible to keep the name of the hotel really confidential because of certain other characteristics. For business reasons many do not wish to reveal their true occupancy rate. Thus regardless of how good the technique may be and how neutral the party who puts out the report is, if the input is inadequate, the results are bound to be inadequate.

This is an area very much in need of correction for hotel occupancy rates are of great importance in a number of studies.

In conclusion, Dr. Walter Miklius of the Department of Economics of the University of Hawaii has written a very thoughtful paper relating to Hawaii's visitor statistics.⁹ He comes to the following conclusion and recommendations with which one cannot but agree:

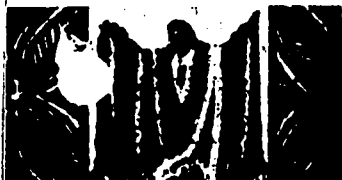
"As a first priority a data collection program covering the eastbound visitors should be initiated. If the cooperation of carriers for in-flight use of passenger information form cannot be secured, the feasibility of alternative means for collecting data, such as sampling of hotel guests or travelers at the airport, should be seriously investigated.

"With regard to the existing visitor statistics, sampling variability should be estimated and reported. In most cases this would involve only a minor modification in the current data processing procedures. Also, a serious attempt should be made to estimate biases involved. This information is needed for evaluating the accuracy of currently available visitor statistics as well as for planning of improvements."

⁹Walter Miklius, "Evaluation of Hawaii's Visitor Statistics" (Paper delivered at the Hawaii Statistical Reporting System Workshop, Honolulu, Hawaii, February 18-20, 1970).

APPENDIX C

PROGRESS REPORTS, TRAVEL INDUSTRY CONGRESS RECOMMENDATIONS



HAWAII VISITORS BUREAU

2270 KALAKAUA AVENUE • HONOLULU, HAWAII 96815

TELEPHONE 923-1811 • CABLE VISBU

February 24, 1971

TO: Delegates attending the Governor's Travel Industry Congress,
January 6-7, 1970

FROM: Thomas H. Hamilton, President, Hawaii Visitors Bureau

SUBJECT: Progress Report on Actions Taken on Resolutions Adopted
at the Governor's Travel Industry Congress.

At the request of the Hawaii Visitors Bureau Statewide Goals Committee, Governor John A. Burns convened a two day Travel Industry Congress at the Hilton Hawaiian Village, January 6-7, 1970. The Congress was attended by nearly 400 representative citizens of Hawaii.

Purpose of the Congress was to "serve as a sounding board to articulate the aspirations of the people of Hawaii in regard to their travel industry."

In his welcoming speech, Governor Burns gave this reason for calling the Congress: "This then, is the heart of the matter. How can we maximize both the quality of life for our citizens as well as visitors while developing the obvious economic advantages of tourism?"

One of the resolutions adopted by the Congress requested the HVB Statewide Goals Committee to wage action on the recommendations of the Congress and to report its progress back to the delegates periodically.

This is a progress report to the delegates summarizing actions taken by the Fifth State Legislature, 1970 Regular Session; the Governor; and, various State Departments. A report on the actions of county governments will be issued later.

The proceedings of the Congress were organized under five major categories: (1) Planning and Decentralization; (2) Waikiki; (3) Manpower; (4) Aloha Spirit; and, (5) General Resolutions.

In so far as possible, the actions taken by these governmental agencies are listed under these five major headings.

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1. PLANNING AND DECENTRALIZATION

Laws enacted by the Fifth State Legislature, 1970 Regular Session, included the following:*

ACT 135 (SB 1136) PLANNING FOR ACQUISITION OF OPEN SPACES. This Act appropriates \$150,000 to the State Department of Planning and Economic Development to develop a statewide comprehensive open space plan. This plan shall include intensive studies of existing conditions, influences, implementing methods and techniques, and policy matters for providing public use or enjoyment of lands for open space purposes. Effective June 22, 1970.

ACT 97 (SB 1810, HD 1) DEVELOPMENT OF STATE PARKS. This Act appropriates \$1,115,000, subject to the availability of federal funds, to plan and construct four state parks on the island of Oahu: (1) Nuuanu Pali State Park; (2) Waimanalo Bay Recreational Area; (3) Makiki-Tantalus State Park Complex; and, (4) Wahiawa Freshwater Park. Effective June 16, 1970.

ACT 136 (SB 1139, HD 1, CD 1) LAND USE LAWS, UNUSUAL USES WITHIN AGRICULTURAL DISTRICTS, SHORELINE SETBACKS. This Act authorizes only the County Planning Commission to issue permits for unusual and reasonable uses of land within agricultural or rural districts other than uses for which the districts are classified. Authorizes the Land Use Commission to impose additional restrictions in connection with approving such permits.

Provides for the establishment of shoreline setbacks and the regulation of uses and activities within the setback areas. Establishes the limits of the setbacks as not less than 20 feet and not more than 40 feet inland from the upper reaches of the wash or waves other than storm and tidal waves. Requires the Land Use Commission to establish the setbacks and the County Planning Department to administer and enforce the setback requirements. Prohibits the removal of sand and other beach compositions. Authorizes counties by ordinance to require setback lines at a distance greater than that established by the Land Use Commission. Effective June 22, 1970.

ACT 139 (SB 1971, SD 1, HD 1) NATURAL AREA RESERVE SYSTEM. This Act establishes a natural area reserve system as designated by the State Department of Land and Natural Resources. Requires the department to govern the use, control and protection of areas within the reserve system by rule and regulation, subject to approval of the Natural Area Reserve System Commission. Creates a Commission, within the department, of 11 members.

Directs the Commission to (1) recommend criteria for determining areas for inclusion within the reserve system; (2) conduct studies and recommend to the Governor and the department suitable areas; (3) recommend policies regarding the control and use of suitable areas; (4) advise the Governor and the depart-

* Source: Legislative Reference Bureau, University of Hawaii, 1970 Digest and Index of Laws Enacted, Fifth State Legislature, 1970 Regular Session, July, 1970.

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ment on preservation of natural resources; and, (5) develop methods of extending and strengthening presently protected areas. Establishes a maximum penalty of \$100 fine or 30 days imprisonment, or both, for violation of any of the rules and regulations. Effective June 22, 1970.

ACT 140 (SB 1745, SD 1, HD 1) COUNTY ORDINANCES FOR PLAYGROUNDS AND PARKS IN SUBDIVISIONS. Expands county ordinances requiring subdividers to provide in perpetuity or dedicate land for park and playground purposes or pay to the county a fee equal to the value of the land which otherwise would have been provided or dedicated. Authorizes each county to determine the method of valuation for money payments, and to require that such money be used for parks and playgrounds facilities for the purchasers or occupants of lots or units in the subdivision. Defines the term "subdivision" to include a building or group of buildings, other than a hotel, containing or divided into three or more dwelling units or lodging units. Effective June 22, 1970.

ACT 142 (HB 629, HD 1, SD 1) PUBLIC PARK AT ANUENUE, OAHU. This Act appropriates \$1,000,000 from general obligation bond funds to the Department of Land and Natural Resources for plans and construction of a beach park at Anuenue, of not less than 140 acres nor more than 250 acres to extend along the shoreline between the Coast Guard facility to the Sand Island Access Road. Effective July 1, 1970.

SENATE CONCURRENT RESOLUTION NO. 32, REQUESTING THE HAWAII VISITORS BUREAU TO COORDINATE TOURIST DEVELOPMENT ACTIVITIES. This resolution requests the HVB to coordinate all tourist development activities within the private sector and to work closely with State and County public agencies to insure that the development of the tourist industry will be an integral part of the overall planning and development of the State. Adopted by the Senate on April 14, 1970, and by the House on April 21, 1970.

2. WAIKIKI AND ENVIRONMENTAL CONTROL

ACT 132 (SB 1132, SD 1, HD 1) OFFICE OF ENVIRONMENTAL QUALITY CONTROL. This Act creates (1) an Office of Environmental Quality Control in the Governor's Office, headed by a single executive appointed by the Governor; (2) an ecology or environmental center within the University of Hawaii; and, (3) an Environmental Council, not to exceed 15 members representing the community.

The Act requires the director to: (1) coordinate all state governmental agencies in matters concerning environmental quality; (2) direct the attention of the State to ecological and environmental problems through the center and council; (3) develop and arrange a system for monitoring conditions in the State; (4) conduct research or arrange for research in the field of ecology and environmental quality; (5) encourage public acceptance of legislative and administrative actions involving ecology and environmental quality; (6) recommend long-range programs and legislation; (7) initiate public educational programs; and, (8) offer advice and assistance to private industry and governmental agencies.

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The Act structures the center at the University of Hawaii so that the membership shall be composed of those members of the University community that are actively concerned with ecological and environmental problems and directs the center to stimulate, expand and coordinate education, research and service efforts of the University in the environmental and ecological area.

It directs the council to serve as liaison between the director and the general public and to make recommendations to the director. Effective June 22, 1970.

ACT 141 (HB 340, HD 1, SD 3) AIR POLLUTION, DEFINITION AND PENALTIES. Redefines air pollution to include substances which are in the outdoor atmosphere for durations which endanger human health or welfare. Imposes stricter penalties for violations of rules and regulations concerning air pollution promulgated by the Department of Health by raising the fine to a maximum of \$500 and making each day of a violation a separate offense. Effective June 22, 1970.

ACT 143 (HB 1291, HD 3) WATER POLLUTION, PENALTY. Adds a penalty provision of \$500 a day to the water pollution law, each day being a separate offense, with the violations being enforced by the Department of Health. Effective June 22, 1970.

ACT 138 (SB 1405, HD 1, CD 1) POLLUTION CONTROL. This Act appropriates \$325,911 to the State Department of Health for the following purposes: (1) air pollution control, \$119,984; (2) community noise control, \$32,191; and, (3) water pollution control, \$173,736. Effective July 1, 1970.

ACT 133 (SB 986, SD 1, HD 1) POLLUTION CONTROL DEVICES, TAX AMORTIZATION. This Act permits the amortization of pollution control facilities on an accelerated amortization schedule; provided that the facility was constructed or acquired prior to December 31, 1969, and is placed in service before January 1, 1975. Includes any water or air pollution facility certified by the State Water and Air Pollution Control Agency as being in conformity with the state program or requirements. Requires written filing notice with the Department of Taxation.

ACT 134 (SB 1007, SD 1, HD 1) AIR POLLUTION CONTROL DEVICES, TAX EXEMPTION. Provides for an exemption from the gross excise tax, the gross proceeds derived from construction, installing, or maintaining an air pollution control facility which is defined as a facility used to abate or control atmospheric pollution, excluding air conditioning, fans, and the like; provided that application is first made to the Director of Taxation. Allows an exemption from the use tax of an air pollution control facility exempted from the gross excise tax. Also provides for an exemption from the property tax for the value of all property actually and solely used as an air pollution control facility. Effective on June 22, 1970.

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ACT 144 (HB 1293, HD 2, SD 1) WASTE MANAGEMENT PROGRAM. This Act establishes a waste management and disposal program for the State, including cooperative planning by the state and county governments, state financial and technical assistance to the counties and utilization of private enterprise. It creates within the Department of Health a Waste Advisory Commission of not less than 15 or more than 21 members. Requires the Department of Health to prepare a waste management plan for submission to the Waste Advisory Commission prior to July 1, 1971, and to become effective by January 1, 1972.

Requires the University of Hawaii to conduct personnel training courses for the waste management system and prepare research, demonstration projects and studies in the field of waste management. Effective June 22, 1970.

ACT 145 (HB 1515, HD 2, SD 1) OIL SPILLS, LIABILITY FOR DAMAGES. Appropriates \$1,000 to the Attorney General for a study relating to the fixing of financial and criminal responsibility for damages resulting from oil spills and for recommended legislation which would result in establishing criminal liability and provide substantial penalties. Effective June 22, 1970.

ACT 146 (HB 1900, HD 2) ACOUSTIC NOISE CONTROL FOR SCHOOL FACILITIES. Requires the Department of Education to (1) plan for and request appropriations to implement acoustic noise control and air conditioning for schools in areas affected by aircraft, traffic and other noise; (2) develop criteria for determining whether acoustic noise control and air conditioning at school facilities are required for effective classroom teaching; (3) utilize services of qualified individuals for recommendations on appropriate noise control procedures when acoustic treatment of school facilities is planned; and, (4) give equal weight to acoustic noise control and air conditioning along with other factors in use of criteria for setting school construction and renovation priorities. Effective July 1, 1970.

ACT 147 (HB 2046, HD 3 SD 1) NOISE CONTROL. Vests the Department of Health with the responsibility for promulgating rules and regulations, including standards of excessive noise from various sources, and for different areas of the State, necessary to prohibit or control excessive noise caused by any person or organization. Authorizes the department to issue cease and desist orders to any person violating the rules and regulations relating to excessive noise. Imposes a maximum fine of \$500 or six months imprisonment, or both, upon any person guilty of making any excessive noise. Directs all state and county authorities to enforce excessive noise control rules, regulations and orders of the Department of Health. Effective June 22, 1970.

3. MANPOWER

SENATE CONCURRENT RESOLUTION NO. 40, RELATING TO CERTIFICATION OF EMPLOYEES IN THE VISITOR INDUSTRY. This resolution requests the Hawaii visitor industry to institute a system of training, certification and recognition of achievement for workers who provide service to the visitor at all levels. It further requests that the certification program be implemented through

GTIC Progress Report

the State Department of Labor and Industrial Relations, Hawaii Visitors Bureau, Hawaii Hotel Association, University of Hawaii, Community College Systems manpower training section and the Pacific Training Council. Adopted by the Senate on April 14, 1970, and by the House on April 21, 1970.

The HVB has asked the State Department of Labor and Industrial Relations to take the initiative in implementing SCR No. 40 relating to the Certification of Employees in the Visitor Industry.

4. THE ALOHA SPIRIT

SENATE CONCURRENT RESOLUTION NO. 30, RELATING TO THE PERPETUATION OF HAWAII'S ALOHA SPIRIT. This resolution states that Hawaii has long been famous for its "Aloha Spirit" -- the graciousness, friendliness and empathy of its multi-ethnic people. It said that any legitimate means should be fostered to stimulate this spirit. It further requested these organizations and associations to work effectively toward this preservation: The Hawaii Visitors Bureau, Department of Education, School of Travel Industry Management of the University of Hawaii, the Hawaii Hotel Association, the Hawaii Conference of Tour Operators, the Hawaii Foundation for History and Humanities and the State Foundation on Culture and the Arts.

ACT 206 (HB 1993, HD 1) HAWAII FOUNDATION FOR HISTORY AND HUMANITIES, MEMBERSHIP. Adds the Director of Finance and Attorney General, as ex-officio voting members, to the Board of Trustees of the Hawaii Foundation for History and the Humanities. Effective July 2, 1970.

5. GENERAL RESOLUTIONS

ACT 187 (SB 1131, SD 2, HD 1, CD 2) CAPITAL IMPROVEMENTS PROGRAM, APPROPRIATIONS. Appropriates the sum of \$259,000 for statewide archeological and historical preservation; \$150,000 for statewide underwater parks; \$100,000 for Historical Restoration, Lahaina, Maui.

Respectfully submitted,



Thomas H. Hamilton
President

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HAWAII VISITORS BUREAU

2270 KALAKAUA AVENUE • HONOLULU, HAWAII 96815

June 29, 1971

TELEPHONE 923-1811 • CABLE VISBU

TO: Delegates attending the Governor's Travel Industry Congress,
January 6-7, 1970.

FROM: Thomas H. Hamilton, President, Hawaii Visitors Bureau.

SUBJECT: Progress Report on Actions Taken on Resolutions Adopted at the
Governor's Travel Industry Congress.

This is the second progress report to the delegates summarizing actions taken by the Sixth State Legislature, 1971 Regular Session, and the County Government of Hawaii. A report on the actions taken by other county governments will be issued later upon receipt.

1. MEASURES PASSED BY THE SIXTH STATE LEGISLATURE, 1971

HB NO. H.D. 2, S.D.1, C.D.1, FINANCING WAIKIKI IMPROVEMENTS Conference Committee Report No. 2 approved by the House-Senate Conference Committee April 7, 1971, recommended the following program for the planned improvement of Waikiki--"an effort to upgrade the area and preserve the magic of Waikiki."

Waikiki Improvements	\$9,000,000
	4,000,000c

General improvement planning, engineering, land acquisition and construction of public facilities for the general improvement of the Waikiki area, the boundaries of which are delineated on the Development Plan for the Kalia, Waikiki, and Diamond Head areas; provided that the City and County shall adopt special assessment ordinances whereby not less than 33-1/3% nor more than 66-2/3% of the entire cost of such improvements, other than for the development of general improvement planning, engineering, incidentals and inspection, shall be assessed against lands and improvements situated within said area on the basis of assessed valuation for real property tax purposes.

<u>FY</u>	<u>71-72</u>
General Improvement Planning	\$1,000,000
Land, Engineering and Construction	2,000,000
	1,000,000c

<u>FY</u>	<u>72-73</u>
Land, Engineering and Construction	\$6,000,000
	3,000,000c

HVB, Waikiki Improvement Association, and Hawaii Hotel Association officials are currently working with City-County officials to effectuate these plans.

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SB 622 H.D. 1, HAWAII FOUNDATION FOR HISTORY AND THE HUMANITIES. This Act establishes within the Hawaii Foundation for History and the Humanities a review board for the Hawaii Register of Historic Places, establishes a center responsible for salvage research in areas designated by the Land Department, includes within its duties the establishment of an inventory, and certification and evaluation system for portable artifacts, and appropriates \$200,000 state general fund revenues for the 1971-1973 biennium.

SB 862 C.D. 1, ENVIRONMENTAL QUALITY CONTROL. Appropriates \$100,000 general revenues to the State Office of Environmental Quality Control to conduct a feasibility study of a major systems recycling program for the State's natural resources and solid wastes.

SB 846 H.D. 1, POLLUTION CONTROL. Requires all public contracts awarded to make provisions for pollution control, the cost of such control activity to be paid for on a "force account" basis.

H.B. NO. 4, H.D. 2, S.D. 1, C.D. 1, WAIKIKI BEACH EROSION CONTROL. Provides \$286,000 for the restoration of 10,800 feet of Waikiki Beach, commencing from Duke Kahanamoku Beach to the Elks Club. Restoration and improvements to consist of construction of groins and placement of sand. To be supplemented by Federal funds.

SB 775 S.D. 1, ETHNIC STUDIES PROGRAM. Appropriates \$100,000 general revenues to the Governor's Office to establish an ethnic studies program to record Hawaii's social and cultural history, to subsidize studies in major ethnic groups, and to house ethnic studies in a centralized repository.

SB 892 C.D. 1, AREA SKILL SURVEYS. Appropriates \$60,000 general revenues for the biennium 1971-1973, for additional staff and related expenses for the Department of Labor and Industrial Relations in research and statistics, to be used to conduct manpower area skill surveys for each of the Islands on a sustained basis.

SB 894 S.D. 1, MANPOWER DEVELOPMENT AND TRAINING. Amends the Manpower Development and Training Act, specifying that its purpose is to determine the employment needs of individuals, rather than manpower needs of the State's economy, provides job training or public service jobs or combination, requires prevailing wage payments to persons employed in public service employment projects, and appropriates \$400,000 to the Department of Labor and Industrial Relations for payment of compensation and wages as provided.

HB 344 S.D. 1, ECONOMIC DEVELOPMENT PROJECTS. Appropriates \$100,000 general revenues, contingent upon matching funds from other members of the Pacific Islands Development Commission, to fund cooperative economic development projects in the areas of fisheries development, tourism promotion, visitor facilities development and control, and oceanographic activities between Hawaii and the Pacific Island Territories.

HOUSE RESOLUTION NO. 91, ENDORISING ALOHA FRIDAY AS A YEAR-ROUND INSTITUTION, adopted February 12, 1971. Endorses every Friday of the year as "Aloha Friday," and encourages the people of the State of Hawaii to participate in this tradition by the wearing of Aloha dress or shirts every Friday.

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SB 1 C.D. 1, ECOLOGY, ENVIRONMENT & RECREATION. The General Appropriations Bill authorized \$11.5 million for the biennium for programs in the area of ecology, environment and recreation, broken down as follows: (1) Pollution Prevention & Control - \$4,869,829; (2) Conservation - \$4,160,754; (3) Outdoor Recreation - \$2,514,420.

Sanitation and vector control are major areas of emphasis in pollution control. Forestry management received the largest single appropriation under conservation, and operation of the State parks accounts for more than half of the authorizations for recreation.

SB 1 C.D. 1, ECOLOGY, ENVIRONMENT & RECREATION. General Obligation Bonds provide an additional \$19.7 million for ecology, environment & recreation, as follows: (1) \$4 million for a grant to Honolulu for a sewage treatment plant or other acceptable sanitation facilities; (2) \$1.9 million for various conservation projects; and (3) \$12.8 million for State parks, small boat harbors and other facilities for outdoor recreation.

HR NO. 207, RECYCLING WASTES. Requests the Department of Planning and Economic Development and the County Governments to conduct a study on the methods of recycling wastes and prepare a report for the next Legislature.

HR NO. 366, STUDY ON THE ENVIRONMENT. Requests the Speaker of the House to appoint a committee to conduct an interim study on all problems relating to the environment and make recommendations for future action.

HR NO. 400, POLLUTION CAUSED BY CONSTRUCTION ACTIVITIES. Commends the efforts of the construction industry of Hawaii to curb pollution caused by construction activities and encourages the Construction Industry Pollution Control Committee to continue its work to safeguard the unique surroundings of these Islands for all our citizens. SR NO. 315 contains an identical resolution.

HR NO. 422, HULA BOWL COMMITTEE. Requests the Hawaii Visitors Bureau to work in cooperation with the Hula Bowl Committee to promote tourism in Hawaii, and to explore ways and means of utilizing the half-time program of the Hula Bowl to further the purposes of the Hawaii Visitors Bureau.

HR NO. 424, STUDY OF POLLUTION AND ENVIRONMENT. Requests the Speaker of the House to appoint an interim committee to conduct a study and analysis relating to the organizational structure, fiscal requirements and programming, personnel needs, and the scope of activity and jurisdiction of the newly created Office of Environmental Quality Control and to the environmental standards under which it should function, and to submit its findings to the next Legislature.

SR NO. 26, SUPERSONIC TRANSPORT. Requests the Department of Transportation to make a study and report its findings on the possible hazards of the supersonic transport to the health and well-being of the citizens and Hawaii's environment.

SCR NO. 47, HAWAIIAN HISTORICAL ARTIFACTS. Requests the Hawaii Foundation for History and the Humanities to find ways and means to allow Hawaiian historical artifacts to return to Hawaii for the 20th anniversary of Captain Cook's discovery of Hawaii. It further requests the Hawaii Foundation for History and the Humanities and Bishop Museum to draft policies that can be used to further this purpose and report back to the 1972 Legislature.

SR NO. 203, PUBLIC ENVIRONMENT EDUCATION. Requests that government, business, labor, and community leaders, with the cooperation of the communications media, consider, coordinate their efforts, and set aside one day for a work and school moratorium for the purpose of public environmental education.

SR NO. 205, LEVELS FOR NOISE STANDARDS. Requests Hawaii's congressional delegation to seek a change in the proposed Noise Control Act of 1971, in order to allow Hawaii to set lower sound levels for noise standards.

SR NO. 225, AIR QUALITY MONITORING PROGRAM. Requests the Department of Health to develop an air quality monitoring program plan and cost analysis that will maintain and improve the quality of air in Hawaii.

SR NO. 233, WATER QUALITY MONITORING PROGRAM. Requests the Department of Health to develop a water quality monitoring program plan and cost analysis that will maintain and improve the quality of water in Hawaii.

SR NO. 240, NOISE CONTROL. Requests the Office of Environmental Quality Control to develop a research and training program for noise control since excessive noise is detrimental to the physical and mental health of the citizens of Hawaii.

SR NO. 241, AIR QUALITY CONTROL. Requests the Office of Environmental Quality Control to initiate coordinating procedures among State agencies concerned with air quality control. SR NO. 246, requests the same office to develop a research program dealing with air quality and its control.

SR NO. 247, DISPOSAL OF WASTE. Requests the Office of Environmental Quality Control to study the relation between private manufacture and distribution of products and public collection and disposal of waste.

SR NO. 259, SHORELINE ACCESS. Requests the Department of Planning and Economic Development to investigate means for the acquisition of public rights of way to the shoreline and waters of Hawaii and report its findings to the 1972 Legislature.

SR NO. 262, NOISE LEVEL CONTROL STANDARDS. Requests the Department of Health to expedite the establishment of noise level control standards and report to the 1972 Legislature the rationale leading to these standards and the programs of implementation.

SR NO. 273, AIR, WATER, NOISE AND SOLID WASTE. Requests the Committee on Ecology, Environment and Recreation to report on its investigations of the environmental issues concerning air, water, noise and solid waste.

SR NO. 275, AQUATIC SPORTS AREA. Requests the Department of Land and Natural Resources and the Department of Transportation to develop an aquatic sports area at the Beach Park at Anuenue, including construction of restroom facilities.

SR NO. 290, SURFING SITES. Requests the Department of Land and Natural Resources to compile a registry of surfing sites for the purpose of classifying them in order of value.

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2. COUNTY GOVERNMENT OF HAWAII

The Honorable Shunichi Kimura, Mayor, County of Hawaii, reported on February 5, 1971, the Hawaii County Government had taken the following actions on resolutions adopted at the Governor's Travel Industry Congress:

- A. ARCHITECTURE REVIEW BOARD: Presently there is an informal Architectural Review Committee which serves as an advisory committee to the Planning Department.
- B. DEVELOPMENT CODE: A development code to encourage resort developers to provide housing and community facilities for their employees is being studied under the General Plan revision by the Planning Department. The code will be incorporated in the revised General Plan.

There is one rezoning application now being processed by the Planning Commission on an incremental basis.

- C. SHORELINE AREAS: The resolution prohibiting interference with free public access to the shoreline and establishing a major program of public acquisition of shore areas is likewise being studied by the Planning Department and will be incorporated into the revised General Plan.
- D. PUBLIC OPEN SPACES: The following actions have been taken concerning the resolution providing for the enactment and implementation of ordinances requiring the donation of land to public ownership for public open spaces:
 - (a) The County of Hawaii Subdivision Ordinance No. 62 requires that a "subdivider of a parcel capable of supporting two hundred (200) dwelling units shall reserve suitable areas for parks, playgrounds, schools, and other public building sites that will be required for the use of its residents. Five (5) to ten (10) percent of the land area, exclusive of streets, shall be reserved for recreational and public use, for a period of two (2) years for acquisition by a public agency. Outstanding natural or cultural features such as scenic spots, water courses, fine groves of trees, heiaus, historical sites and structures shall be preserved."
 - (b) Under Section 34 of the County Zoning Ordinance No. 63, Cluster Plan Development: "The purpose of Cluster Plan Development (C.P.D.) is to provide exceptions to the provisions of Section 9 (regulations for single-family residential district) or ordinance No. 63 so that permitted density of dwelling units contemplated by the minimum lot size requirements is maintained in single-family districts on an overall basis and desirable open space, tree cover, recreational areas or scenic vistas are preserved." The minimum area of a C.P.D. is two (2) acres. The number of lots that can be created is computed by subtracting 20% of the total area being considered for the C.P.D. This 20% land area is used for street rights-of-way and open space.

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Mr. John Farias, Jr., Director, Department of Research and Development, County of Hawaii, reported on March 4, 1971, action taken on the following resolutions:

- A. CREATING A DIFFERENT IMAGE FOR EACH ISLAND: "Mayor Shunichi Kimura has set the tone towards the development of a Big Island image when he declared that this Island shall be 'a scientific and cultural model.' Toward this goal the County has undertaken projects which would hopefully bear fruit. The County has actively pursued the establishment of a four-year degree-granting institution at the University of Hawaii at Hilo. The key towards establishing a scientific community lies in the research capabilities. The University will be able to provide this."

"The Cross-Cultural Training Center located in Hilo is world renown as a cultural research center. The presence of such facilities enhances the total community. Mayor Kimura's overall goal in the creation of a Big Island image is ambitious and far-reaching; however, it is not unattainable. The Big Island has some of the physical and other amenities which make this goal realistic."

- B. DIVERSIFY HAWAII'S ECONOMY: "Hawaii County, whose economic history is synonymous with the sugar industry, has experienced a transition in its economic base in the past decade. Tourism and service-oriented industries are now important sectors of income and employment for Big Islanders. Agricultural commodities such as macadamia nuts, papaya, floriculture, and vegetable crops hold potential for further development. The County of Hawaii has pursued the expansion of agriculture for many years and will continue in this effort. At present, agricultural commodities account for approximately \$60 million in value of sales, or 30 percent of the total State production. In view of the overall agricultural picture, Hawaii County has the potential to become the source of the majority of the State's agricultural products in both dollar value and volume."

"A study of the economic impact of having an educational institution within the Hilo area has not been developed as yet. The expansion of the University campus in Hilo bears significant economic importance--the County has actively pursued the development of Hilo College. Continuous support will be given for this institution."

"Tourism, which has shown substantial growth in the past decade, is expected to continue in its upward trend. Tourism acted as the catalyst which prompted the boom in construction activity. Tourism is well established as a dynamic economic force on the Big Island."

Respectfully submitted,



Thomas H. Hamilton
President

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APPENDIX D

THE HAWAII VISITORS BUREAU by Thomas Hale Hamilton

Background

No account of tourism in Hawaii would be complete without a consideration of the HVB. In terms of direct expenditures of state funds, the Bureau represents the most significant attempt on the part of government to play a role in the promotion of tourism.

The history of the Bureau has been detailed elsewhere, and will be only sketched here.¹ Tourism promotion actually got its start in Hawaii as early as 1892 with the founding of the short-lived Hawaii Bureau of Information. But it was in 1903, with the founding of a Joint Tourist Committee with representatives from the Chamber of Commerce, that the lineal ancestor of the contemporary HVB came into being. In August of that year, an office was opened in the Alexander Young Hotel.

It is important to note that from the very first the Territory and later the State have participated both financially and otherwise in the affairs of the Bureau. The importance of this will be discussed later.

In 1917 the Legislature authorized the Governor to appoint four members, one from each of the major islands. That same year the name of the organization was changed to the Hawaii Tourist Bureau.

By 1922, the Bureau's budget totalled \$100,000 with \$40,000 being spent on advertising. The Territory and the City and County of Honolulu provided about a fourth of the money, the balance came from a voluntary tonnage charge and subscriptions.

¹This historical sketch relies heavily, but not exclusively on the following: Clarence L. Hodge, An Evaluation of Hawaii Visitors Bureau Programs: Report to the Fourth State Legislature, Hawaii Visitors Bureau (Honolulu: 1967). Peggy Ferris, Building Honolulu, Chamber of Commerce of Honolulu, (Honolulu: 1950), pp. 59-65.

While pre-World War II growth in tourism was not as spectacular as the 50's and 60's were to be, increases in arrivals were fairly steady. The only setbacks were in the depression affected years of 1931, 32, 33 and 34 and the recession year of 1937. By 1941, visitor arrivals had reached 31,846, the largest number in history to that date.

But, obviously, World War II simply meant a suspension of the activities of the Bureau, and it went out of business for the duration on June 30, 1942. There are those gifted with 20-20 hindsight who hold that it was a pity that at least a skeletal organization was not retained to plan for the post-war period. This is probably unrealistic. During World War II, the people of Hawaii had other fish to fry. Furthermore, who could have foreseen the revolution in aviation technology, the growth in affluence, the accompanying increases in disposable income and the growth in leisure time which created both the potential and the problems of the fifties and sixties.

In 1944, the Chamber of Commerce faced the problem of reviving the Bureau which reappeared in 1945 with its name changed to the Hawaii Visitors Bureau. The initials HVB became known throughout the world of travel.

The history of the Bureau since World War II has been for the most part one of growth and expansion. By fiscal 1971, its total budget had expanded to \$2,193,477 of which the State paid 76 percent.

In 1959, the Legislature, wanting to give the State more control over the Bureau, authorized an annual contract between the State and the HVB. Following a financial crisis in 1967, the terms of this contract became far more stringent than previously had been the case. It is probably fair to say that since 1959 and particularly since 1967 the State has exercised more authority over the activities of the Bureau than previously was the case. This could pose difficulties for both parties. The extent to which it is a viable arrangement is dependent on the good sense and restraint exhibited on both sides.

The Bureau now operates 11 offices. Six of these are in the State of Hawaii, the headquarters and a fairly large information office are in Honolulu; two are on the Big Island, one in Hilo and the other, a small information office, in Kona; Maui and

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Kauai each have a single office.² These Neighbor Island offices are manned by ten professional and secretarial people.

On the Mainland, there are offices in New York, Chicago, San Francisco and Los Angeles. Fifteen positions have been authorized for them. With the expansion of activity in the area of convention solicitation, two more Mainland positions probably will be established in the near future.

Anticipating the potential of the Japanese market, the Bureau established its Far Eastern Office in Tokyo in 1969. It has a staff authorized of two professionals and one secretary.

Sixty-one authorized positions in the headquarters and information offices in Honolulu bring the total authorized staff of HVB to 89.

Functions of the HVB

As with any organization, the internal structure of HVB changes from time to time. Thus a description of organizational structure probably soon would be dated. More meaningful would be the following brief description of the functions which the Bureau has performed in recent years.

Marketing. It is clear that whatever other functions the HVB may have, this one always has been considered central. It involves such things as utilizing research to identify what potential visitors want in a vacation, where they live, what they read, occupations and all of the other factors which determine media selection. This division must work closely with the advertising agency in theme selection, implementation and evaluation of results. Once this has been determined, a plan of marketing for the Mainland and Japan has to be instigated through the offices in these locations.

Public Relations and Promotion. This consists partly of the preparation of a myriad of press releases which are sent both to the trade and general media on the Mainland and in Japan, Canada, Australia and Europe. The many journalists, television, radio and motion picture people who come to develop presentations on

²The 1971 Legislature appropriated money for an office on Molokai and one at Lahaina. However, due to the freeze on spending money for new activities, these have not been established.

Hawaii have to be provided with services of various sorts. A photo library is maintained for the use of the industry. From time to time, Hawaiian shows are produced and staged on the Mainland, in Canada, Japan, Australia and Europe.

Research. Statistics on various characteristics, reactions and opinions are gathered and subsequently published in a series of reports. An inventory of hotel rooms, both present and projected, is maintained. From time to time special studies, such as the one concerned with the visitor expenditures, are either conducted by the Bureau or a contract is let to an outside agency.

Visitor Satisfaction. In the main, this function deals with three things: visitor complaints, the subsidization of special events and facilitation of the visitor stay such as through the Warrior Market Program.

International Hospitality. With the great increase in foreign tourists, particularly Japanese, it has been found necessary to have a man to deal with the special problems they encounter. Close liaison with those who handle the bulk of these is necessary.

Rest and Recuperation. The maintenance of liaison with the military and the development of programs was of great importance when this program was at its height (1969). With the marked reduction of R and R, its importance is less, and the function will disappear with the program.

Convention Solicitation. This function has been given a great deal more emphasis in the last year. There are knowledgeable individuals who hold that this is a major element in solving the low occupancy problem.

Membership. This involves striving to get more individuals and corporations in the private sector to subscribe ever-increasing amounts of money to the HVB.

Finance and Administration. Naturally, it is necessary that attention be given to budgeting, accounting, auditing, personnel, etc.

These, then, all too briefly described, are the functions now being performed by the Bureau.

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Effectiveness of the HVB

A question commonly asked, not infrequently at Legislative hearings, is "How effective is the Hawaii Visitors Bureau?" Stated that way, it is an impossible question to answer. Partly through design and partly through accretion the Bureau has developed a series of objectives of sufficient diversity that a simple judgment is impossible.

Even when one tries to deal with the objectives separately, evaluation is difficult. For example, let us take what is considered by most to be the central function, that of marketing, broadly conceived to include public relations and promotion. Here the Bureau runs into more problems than a private business does. Let us assume that a corporation instigates a new marketing program. If sales move markedly upward, the program usually is held to be a success. But one can never be completely sure of the cause and effect relationship. There are too many variables in the sales situation to give the credit (or blame) to only one.

But HVB's problem is complicated further by the fact that the product it markets is sold by many, many others. While to be sure an airline particularly desires to sell passage on one of its planes, but to do this it has also to create the desire to go to Hawaii. And we know that the combined advertising efforts of the industry exceed in cost over sixty times the Bureau's advertising budget. So what agency caused the visitor to decide to come to Hawaii is difficult to ascertain.

However, there is some evidence that in this field the HVB performs well. The following would seem to support this opinion.

1. A substantial number of experts in the industry have expressed admiration for the HVB marketing program. A fair number would hold that it is the best of any comparable agency.
2. The HVB ads consistently maintain high readership.
3. Hawaiian promotions are well attended and received.
4. A great deal of editorial material developed by the Bureau is used by the media.
5. Recognizing the smallness of its advertising budget, the Bureau has been rather imaginative in developing new approaches which create sufficient enthusiasm

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to get the cooperation and economic support of the industry. (For example, the pre-print program in which the \$200,000 spent by the Bureau was parleyed into an approximately \$3,000,000 effort.)

6. Since 1950, the growth in the number of visitors to Hawaii has increased faster than the average for world travel, moving from 46,593 visitors in 1950 to 1,798,591 in 1970. No other area has produced that rate. From the standpoint of increasing the number of visitors, someone has been doing something right. Even with the present soft market, Hawaii has fared better than comparable tourist destination areas.

On the whole, one would have to judge the Bureau's marketing program to have been effective in terms of its purpose.

It seems doubtful that HVB would get as good grades in the field of visitor satisfaction. It is true that it handles some 300 letters of complaint. Almost all of the legitimate ones are settled. But the Bureau has no power to enforce. And when an element in the industry refuses to rectify wrong, the only recourse is reference to a State agency.

But at best this is a negative approach. HVB does little to improve standards. And, in fact, it may be impossible for it to do so. After all, it's a little difficult to get a business to provide you with money if the businessman is of the opinion that you are meddling in what he considers his business. Furthermore, there would be no power to enforce even if standards were developed.

Nor can the Bureau do a really first rate job with the special events aspect of visitor satisfaction. In fiscal 1971, \$269,390 in subsidies went to special events including Aloha Week and Hawaii Calls.

A good special event should have one of two and hopefully both characteristics. It should be of such a nature as to be a major factor in attracting visitors to Hawaii and/or should entertain visitors who happen to be in the State. It seems probable that there are special events subsidized that do neither.

The Bureau has relatively little control over these programs. It serves rather as a funnel through which the money to support the special events designated by the Legislature passes. The list

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of special events supported by HVB in fiscal 1971 follows:

<u>Events</u>	<u>Subsidy</u>
Aloha Week	\$100,000
Hawaii Calls	113,390 ³
Narcissus Festival	3,000
Cherry Blossom Festival	3,000
Merry Monarch Festival	6,000
Inter-Island Canoe Racing	10,000
Fiesta Filipina	3,000
Flora Pacifica	10,000
Lanai Rendezvous	300
Sempaguita Festival	300
Operation Aloha	200
International Festival	1,000
Miss Hawaii	500
Billfish Tournament	4,000
Prince Kuhio Festival	6,842
Kuhio Centennial	1,654
Hawaii Calls (Neighbor Islands)	6,312

It seems possible that these funds might be spent better in terms of the attracting and entertaining of visitors in other ways. One suggestion has been simply to subsidize two, but these sufficiently heavily, as to make the events impressive. One of these should be in the Fall, another in the Spring. Still another suggestion has been made that each year a television spectacular be produced and sold to mainland television.

In 1963, the Legislature directed that subsidization of special events be eliminated in five years. It later relented.

It is widely held that Hawaii's tourism statistics are the best in the world. This quite likely is true, although the weaknesses in some of the data have been noted in Appendix B. Nevertheless, compared to other destination areas, the statistics and reports based on them are rather good. That there are areas omitted, an up-to-date expenditure plan, data on east-bound visitors, etc., has been noted.

³The Bureau recovers about \$14,000 in originating fees paid by hotels.

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A more serious problem with the Bureau's research program is the lack of a strong market research function which would take the available data and combine and re-combine them in meaningful ways for the marketing use of the various elements within the industry.⁴

Expansion of the HVB's Role

In recent years HVB has tried to function in another area not discussed above because it needs some special attention. It seems clear that up until the late 1950's and early 1960's the unplanned growth of tourism was, if not applauded, certainly not widely criticized. The State in the immediate post World War II period was faced with serious economic problems. It had to adjust to the rather sharp cut-backs in military expenditures. Sugar and pineapple had some shaky years, and relatively little attention had been given to the development of diversified agriculture. Diversified manufacturing had only begun what later was to become a quite remarkable development. Jobs on the Neighbor Islands were scarce and they were losing population to Honolulu and the Mainland. Particularly worrisome was the fact that it was the young who tended to migrate. It was a period when one had a right to be somewhat gloomy about the economic future of the State and of the Neighbor Islands in particular.

In this economic environment, the growth of tourism appeared an unmitigated asset. And in many ways it was. It brought dollars. It created jobs. It filled tax coffers. And it did these things in a state not overburdened with natural resources.

It is a little difficult to pinpoint exactly when this period of almost unquestioned acceptance of the value of a continuous expansion of tourism came to an end. But certainly as the 1960's progressed more and more questions were raised.

Various charges were made, some of them ridiculous:

1. Waikiki had deteriorated into another Miami Beach.
2. Tourism was responsible for traffic problems.

⁴In citing the strength and weakness of the Bureau the reader should not assume that these are unknown to HVB personnel. On the contrary, at this writing the structure of the Bureau is under study to see how defects can be remedied.

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3. The Aloha spirit was dying.
4. Beaches were too crowded.
5. Too many hotels were being built.
6. There was no plan for the orderly growth of tourism.
7. The industry was controlled by Mainland financial interests.

In the latter part of the decade of the 60's the voices of the ecologists, environmentalists and populationists were added to what frequently seemed more of a babble than a dialogue.

Until this period, HVB had considered its role primarily to be that of attracting visitors to Hawaii.⁵ But as the criticism and questions continued, it was impossible for the Bureau to ignore it, and thus its role came to be expanded.

Frequently HVB was prodded in this new direction by Legislative directives. For example, in 1965, as a result of Legislative action, the Bureau developed new objectives which, in addition to those one would expect from the past, included the following:

- "1. Serve as a catalyst and coordinator of the key elements of Hawaii's economy affecting tourism including government, business, science, education and sociology.
2. Initiate long-range studies, plans and development programs to provide for the balanced and orderly growth of Hawaii's visitor industry
-
6. Intensify efforts in the development of appropriate educational programs (a) for all levels of first line tourism industry employees, and

⁵The principal exception was the addition of the visitor satisfaction program in 1950. There are still those who hold that this was a mistake. The Bureau's function, they argue, is to bring them, the industry's to satisfy them.

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(b) in public and private schools, University of Hawaii and community colleges, to preserve and maintain the 'Hawaiian Spirit of Aloha' and the customs, arts, crafts and cultures of our various ethnic groups which are an inseparable element of visitor satisfaction.

7. Contact and assist Pacific nations in the formulation and development of their tourism facilities and promotion programs tailored to meet their needs, and initiate contractual relationships with them.
8. Sponsor the organization of the Waikiki Improvement Association to plan for the orderly growth and development of the Waikiki area."

One can well imagine how startled those men who established the Joint Tourist Committee in 1903 would have been had they known the change time would bring to their idea of promoting Hawaii on the Mainland.

In response to these objectives, HVB established a Long-Range Planning Committee which had three sub-committees: (1) Financing Resort and Hotel Facilities, (2) Manpower Requirements and Development and (3) Aloha Preservation, Education and Training.

The members of those sub-committees worked diligently on their assignments. The resulting reports were then submitted to a new entity which had entered the field, the Legislature's Joint Interim Committee on Travel Industry Development. This Committee established five sub-committees: organization, financing, planning, research and statistics and manpower. Sixty-six members of the House and Senate and all segments of the visitor industry and community served. The report of the Committee was submitted to the 1967 session of the Legislature. With some exceptions, it was not received with wild enthusiasm. Considerable disappointment was felt by those who had labored many hours on their assignments.

In the Spring of 1969, the Bureau girded its loins and took a somewhat different approach to the problem. The Chairman of the Board of Directors appointed a Statewide Committee on Goals for the Visitor Industry. This Committee differed somewhat from earlier efforts, in that a deliberate attempt was made to include members who were articulate critics of the industry.

This Committee met every Friday during the Summer and by Fall had developed a rather comprehensive report. However, the Committee

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felt that a report from it probably would make a small impression on the community. A more representative body was needed.

Travel Industry Congress

Governor John A. Burns was approached, and agreed to convene in January of 1970 the first Travel Industry Congress. This body was unique in the history of world tourism. Eight hundred twenty-five delegates were invited and 392 participated. A vigorous effort was made to make the membership broadly representative of the community. And this objective was fairly well attained.

The Congress concentrated on four areas: (1) Waikiki (2) Planning and Decentralization (3) Manpower and (4) the Aloha Spirit. A series of resolutions were adopted and circulated widely. On the whole, the work of this Congress was somewhat more successful than earlier efforts. Analysis of the actions of the 1970 and 1971 sessions of the Legislature reveal that action was taken on a number of the Congress' recommendations. The government of one County also paid considerable attention to the work of the Congress. Yet, to be honest, one would have to admit that the major problems, the tough ones, continued unattended.

HVB, at Legislative request, has at various times worked on such problems as coordinating the activities of private developers, perpetuating the Aloha spirit and developing educational programs. The results have not been outstanding.

Policy Formation and HVB

One has to come to the conclusion that in these fields of policy formation, the development of an orderly growth plan and quality control, the results have been very small compared to the effort.

One has to inquire as to why this is so. The attitude has been conscientious, widespread participation of competent individuals has been the rule, the efforts diligent. One begins to suspect that HVB is the wrong vessel for this liquid.

There have been a number of hypotheses advanced as to why this may be the case.

1. HVB has the wrong kind of personnel for such tasks.

This is true. HVB personnel are, with a few exceptions, recruited because of their ability to market and promote.

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Researchers, other than those concerned with marketing, and trained planners are not there. They could be added, but this would be expensive. It is questionable that such talent would get its best utilization in the Bureau.

2. Policy formation frequently and enforcement usually require the presence of governmental power which HVB does not have.

This too is true. Nor in its present private-contractual-public status could such authority be delegated to it.

This had led some to suggest that HVB simply should become an agency of State government. This would cost the State some money, but not so much as to negate consideration of the idea.

The problem is that it has long been held that the duality of the HVB's nature has played a major role in the success it has had. From its public relationship it has gained the major part of its financial support and a status which is of particular importance in the world tourism field. Its private nature provides a rapport with private industry that is hard to attain by a state agency. Voluntary expertise is much more available, and the necessary flexibility to perform the marketing function is provided by its private identification.

In short, this argument goes, why change the nature of an organization that has demonstrated its success in one field in order to permit it to attempt to attain success in another in which its accomplishments have not been very great.

3. In this field the Bureau's motives are suspect.

This feeling undoubtedly exists in some circles, and understandably so. Given the nature of the Bureau's concern it would be surprising if over time it did not develop identification with the industry. And it must be admitted that HVB is dependent on the private sector for a fourth of its income.

4. If one is talking about standards and controls, they do not fit well into an agency which also markets and promotes.

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Psychologically this probably is true.

For these and perhaps other reasons, there are those who hold that it would be wise to let the HVB concentrate on that which it has established it can do well, and seek other means of dealing with these policy questions.⁶

But to say that the HVB is not well suited to deal with these important policy matters is not to deny their great importance. This approach does not solve the problem, it simply eliminates one agency as a potential solution.

Some have urged the creation of a Tourist Commission to have jurisdiction over all aspects of the industry. Obviously such a step would be a radical departure from the past, and one that needs a great deal of study.

Others would not create a commission, but have a director of tourism in the Governor's or Lt. Governor's office. There is among those favoring this position great difference of opinion as to what such an official's powers should be. The spectrum ranges from viewing such an official as a clearing house to Tsar-like status.

Several individuals reject both the Commission idea and the single official holding that the function could be performed by an existing agency. The Department of Planning and Economic Development frequently is mentioned.

Most of the discussions in this field fail to take into consideration the fact that the power to deal with certain phases of these problems rests with the cities and counties. If they are not in agreement with the State, policy implementation can become snarled.⁷

⁶There are those who contend that the State should not support HVB at all. One can indeed take this position only if he is convinced that in so doing tourism would not drop to a point where the results would be economically harmful to the State, or that the economic welfare of the State is not important anyway.

⁷Witness the present disagreements over Waikiki improvements.

And there are some who say, "Whatever is done probably will worsen affairs, so let things alone."

Relatively few individuals any longer are hung up about government regulation of business on an ideological basis. But it also has become apparent that if the desired ends can be achieved with as little such control as possible the people are better served. To create a monolithic control instrument could create more problems than it solves.

There is an analytic study that could be done which might shed light on the matter. What is it that has happened in the development of tourism in which there is some agreement that it is harmful to our society. What things should have happened that have not? Then the present governmental structure might be examined to see whether there exists the power to prevent that held to be bad and achieve the good. It is possible that we suffer not from a lack of governmental machinery, but of knowledge and will.

But given HVB's good track record in marketing and its seeming inability to solve the large policy questions, it is understandable why some are saying to the Bureau, "Why don't you go back where you came from?"

(Appendix D)

APPENDIX E

STATE GOVERNMENT TOURISM AGENCIES IN THE UNITED STATES		
STATE	AGENCY	FUNCTIONS
Alabama	Bureau of Publicity and Information	(not specified)
Alaska	Division of Travel, Department of Economic Development	Advertising and promotion; information services; development, including inventory of facilities; financing assistance; citizen interest programs; coordination.
Arizona	Development Division Department of Economic Planning and Development	Advertising and promotion; information services; development.
Arkansas	Department of Parks and Tourism	(not specified)
Colorado	Travel Development Section, Division of Commerce and Development, Department of Local Affairs	Advertising and promotion; information services.
	Other Sections of same Division	Development; research and planning, including long range; coordination; financing assistance.
Connecticut	Development Commission	Advertising and promotion; information services; development; research and planning, including long-range; coordination.
Florida	Division of Commercial Development, Department of Commerce	Advertising and promotion; information services; marketing research; development; coordination.
Miami and Dade County	Department of Publicity and Tourism (city)	Advertising and promotion; information services; development (including trade with Central and South America).

STATE	AGENCY	FUNCTIONS
Idaho	Department of Commerce and Development	Advertising and promotion; information services; development, including inventory of resources and facilities; collection and administration of development fund tax (license fee for hotels, eating places and others); planning, including long range; coordination.
Illinois	Division of Tourism, Department of Business and Economic Development	Advertising and promotion; information services; development; research and planning, including long range; financing assistance for promotion; coordination.
Indiana	Tourism Division, Department of Commerce	Advertising and promotion; information services; research; development; coordination.
	Department of Natural Resources	Promotion of Recreational facilities.
Iowa	Tourism Division, Development Commission	Advertising and promotion; information services; research and planning, including long range; development; financing assistance; training; citizen interest programs; coordination.
	Conservation Commission	Information services regarding hunting, fishing, parks; promotion of outdoor activities.
Kansas	Travel Division, Department of Economic Development	Advertising and promotion; information services; coordination.
	Historical Society	Develops and maintains historical sites.
	State Park and Resources Authority	Develops and maintains state parks, camping and recreational facilities.
	Highway Commission	Develops and operates roadside parks.

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STATE	AGENCY	FUNCTIONS
Kentucky	Department of Public Information	Advertising and promotion; information services.
Louisiana	Tourist Development Commission	Advertising and promotion; information services; development; financing assistance for promotion and research; coordination; operation of specified State tourist facilities.
New Orleans	Parks and Recreation Commission, and Departments of Commerce and Industry and Wildlife and Fisheries Vieux Carre' Commission	(not specified) Building regulations and administration of 100-block historical area.
Maine	Department of Economic Development	Advertising and promotion; information services; research and planning, including long range; development (through conservation); citizen awareness programs (including awards); coordination.
Maryland	Division of Tourism, Department of Economic and Community Development	Advertising and promotion; information services; development (with conservation emphasis); coordination.
Massachusetts	Division of Tourism, Department of Commerce and Development	Advertising and promotion; information services; research; planning (marketing); development; coordination.
Mississippi	Travel Department, Agricultural and Industrial Board	(not specified)
Montana	Advertising Department, Highway Commission	Advertising and promotion; information services.
Nevada	Travel and Tourism Division, Department of Economic Development	Advertising and promotion; information services.

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STATE	AGENCY	FUNCTIONS
North Carolina	Division of Travel and Promotion, Department of Conservation and Development Wildlife Resources Commission and Divisions of Fisheries, Parks, and Forestry	Advertising and promotion; information services. Promotion.
North Dakota	Travel Division, Highway Department Planning and Research Division	Advertising and promotion; information services. Research.
New York	Travel Bureau, Department of Commerce	Advertising and promotion; information services; research; development; coordination.
Ohio	Travel and Tourism Division, Department of Development	Advertising and promotion; information services.
Oklahoma	Industrial Development and Park Department Commission on Special Events	Advertising and promotion; information services; research and planning (including long range); development; financing assistance; coordination; operation of tourist facilities. Development of traditional ceremonies, arts, and crafts.
Rhode Island	Tourist Promotion Division Development Council Recreational Building Authority Recreational Foundation	Advertising and promotion; information services; research and planning (including long range); development; citizen awareness programs; coordination. Financing; technical advice. Holds title to projects financed by the Authority until repayment complete.

STATE	AGENCY	FUNCTIONS
South Carolina	Division of Travel and Tourism, Department of Parks, Recreation and Tourism	Advertising and promotion; information services; research and planning (including long range); development (with recreational and conservation emphases); financing assistance; training; citizen awareness programs; coordination; operation of facilities.
Tennessee	Department of Conservation	Advertising and promotion.
Texas	Tourist Development Agency	Advertising and promotion; development; citizen awareness programs; coordination.
	Highway Commission	Information services.
Utah	Division of Travel Development, Department of Development Services	Advertising and promotion; information services; development; coordination.
	Road Commission	Road building into scenic centers; development of facilities in centers.
Virginia	State Travel Service, Department of Conservation and Economic Development	Advertising and promotion; information services; marketing research; coordination.
Vermont	Division of Information and Travel Development, Development Department, Agency of Development and Community Affairs	Advertising and promotion; information services; research; coordination.
Washington	Tourist Promotion Division, Department of Commerce and Economic Development	Advertising and promotion; information services; development.

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STATE	AGENCY	FUNCTIONS
West Virginia	(no data)	Advertising and promotion.
Wisconsin	Division of Tourism and Information, Department of Natural Resources	Advertising and promotion; information services; research and planning; development (conservation and recreation emphases); training, citizen awareness programs; coordination.

(Appendix E)

